

# Value Clash Looms for U.S. and Asia

## Washington's Emphasis On Human Rights Issues Could Hurt Relations

By Michael Richardson  
*International Herald Tribune*

SINGAPORE — The United States and East Asian nations appear headed toward a clash of values that could poison relations between them.

Tommy B. Koh, a former Singapore ambassador to the United States and the United Nations who heads his country's Institute of Policy Studies, said recently that he was worried that an "ideological battle" would develop between Asia and America over Washington's assertiveness in exporting democracy and human rights.

Such a conflict could raise trans-Pacific trade tensions, weaken security ties between the United States and its East Asian allies and friends, strengthen calls for the region to form its own economic bloc and place Japan in the position of having to choose between Asia and the United States.

Western pressure, particularly from the United States and the European Community, to use aid and trade as levers to promote political pluralism and individual liberties in countries that put greater emphasis on stability and social control has helped to form a common front of opposition in East Asia.

This is despite the area's political, ethnic and religious diversity, which normally makes a region-wide consensus impossible to reach.

Earlier this month, at a regional conference on human rights in Bangkok organized by the United Nations, all East Asian governments signed a declaration saying that the West should not use human rights as a condition for extending aid and that countries did not have the right to interfere in the internal affairs of others.

Japan, the world's largest aid donor, signed the declaration, although it formally registered some reservations.

The U.S. secretary of state, Warren M. Christopher, said in March that respect for human rights would be "a cornerstone of U.S. foreign policy." Not long afterward, Winston Lord, U.S. assistant secretary of state for East Asia and Pacific Affairs, said that the end of the Cold War "reduces the pressure to muffle concerns about unsavory governments for the sake of security."

Mr. Lord said that the spread of liberty affirmed America's values and served its interests.

"Open societies do not attack one another," he asserted. "They make better trading partners. They press for environmental reform. They do not practice terrorism. They do not produce refugees."

The end of Cold War constraints and the more active pursuit of human rights policy by the United States coincides with rapidly rising East Asian pride and self-confidence as the region continues an economic surge while Western economies falter.

"The stage is set for a major increase in Western exports of democracy and human rights just as East Asian nations are in a mood to resist," said George Hicks, an economist and writer on Asian affairs.

Malaysia's prime minister, Mahathir bin Mohamad, said in an interview last week that he was not open to a free-trade pact with the United States.

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A Bosnian soldier cycling with his son near Tuzla on Sunday, a day free of fighting there.

# Pressured by Belgrade, Bosnian Serb Accepts Pact

## Air Strikes Still Possible, Skeptical Clinton Warns

By Paul F. Horvitz  
*Washington Post*

WASHINGTON — Still skeptical of Serbian intentions, President Bill Clinton signaled Sunday that he would pursue air strikes inside Bosnia unless talk of peace was backed up with concrete Serbian action to end the violence in the Balkans.

Mr. Clinton said in a statement that the signature of Radovan Karadzic, the Bosnian Serb leader, on a UN-brokered peace plan had not altered his resolve to blunt Serbian assaults in the Balkans.

The peace plan was put forward by two international mediators, Lord Owen, the former British foreign secretary, and Cyrus R. Vance, the former U.S. secretary of state.

"The developments in the Vance-Owen process are a positive step," Mr. Clinton said in a prepared statement, "but we have yet to determine whether the Serbs are serious about peace. We will make that judgment based upon their actions on the ground in Bosnia."

He added: "Other agreements in this protracted war have raised hopes but not changed behavior. We will judge intentions by actions."

Having signed the peace plan, Serbs must now adhere to all cease-fire agreements, halt the sieges of Bosnian cities including Sarajevo, and stop interfering with United Nations-sponsored relief efforts, Vice President Al Gore said in a broadcast interview Sunday.

He also noted that under the peace agreement signed by the Serbs near Athens on Sunday, Serbian forces will be required to withdraw from some territory in Bosnia that its forces currently occupy.

On Saturday, only hours before the Serbs signed, Mr. Clinton decided to seek a consensus among European allies for military action in Bosnia. There was no official confirmation that air strikes were a favored option, and the White House spoke only of "military steps."

But early Sunday, Mr. Clinton told Senator Bob Dole of Kansas in a phone conversation that the two steps the president had provisionally approved were to go ahead with air strikes and to lift the arms embargo so that Bosnian Muslims could attain weapons.

Mr. Dole, the Republican leader in the Senate, said he had received Mr. Clinton's approval to discuss their conversation publicly.

The senator quoted the president as saying that the United States "ought to proceed as though nothing happened." Mr. Dole said, "just in case this turns out to be a sham."

A retired air force general, Perry Smith, who said he had received a high-level briefing on U.S. plans, said on CNN that U.S. air strikes would target large artillery pieces, supply depots, command bunkers and similar targets inside Bosnia with precision-guided bombs.

The timing of a final U.S. decision to use force, however, appeared directly linked to the level of allied support and the speed with which the Vance-Owen plan is implemented in Bosnia.

In London, Secretary of State Warren M. Christopher called Mr. Karadzic's action "good news."

But he added in a statement that Serbs "must do more than simply give us a signature on a peace plan."

"Unfortunately," Mr. Christopher said, "we've heard their words and seen the signatures before. It will take deeds."

Mr. Christopher arrived in London on Sunday and is scheduled to meet with top officials from nine European nations, including Germany, France and Russia. Mr. Clinton said Sunday that he had instructed Mr. Christopher "to continue as planned with his consultations through Europe on the measures we will take if the Serbs do not act in good faith."

The president said he had spoken over the phone to British Prime Minister John Major on Sunday.

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# France Emotionally Shaken by Bérégovoy's Suicide

Compiled by Our Staff From Dispatches

PARIS — The suicide of former Prime Minister Pierre Bérégovoy shocked France on Sunday and prompted anger among Socialist friends who said recent political attacks had broken his will to live.

Mr. Bérégovoy, 67, a self-taught railroad employee who rose to finance minister and then prime minister, shot himself in the head on Saturday in Neuvers, his political base in central France. He died four hours later on a helicopter flying him to Val-de-Grâce Hospital in Paris.

"Pierre Bérégovoy's death has stirred deep emotion in our country," Prime Minister Edouard Balladur said. Mr. Balladur delayed for several days the announcement of an economic recovery program that had been due

Wednesday. A report expected to be sharply critical of the large public deficits left by Mr. Bérégovoy's government, due Monday, was put off to the end of the week.

Political friends said Mr. Bérégovoy, who had announced a drive against corruption when he came to power in April last year, had been deeply wounded by allegations of impropriety over an interest-free loan he took from a businessman friend to buy an apartment seven years ago.

They said harsh attacks on his government's economic record and the Socialist disarray after the overwhelming election defeat a month ago had added to his distress, although he retained his seat in the National Assembly.

Michel Rocard, the Socialist Party leader and

a former prime minister, said Mr. Bérégovoy had been the victim of glaring injustice. "It must be corrected," he said.

Paul Quilès, interior minister in Mr. Bérégovoy's government, said that Mr. Bérégovoy had been broken by a systematic campaign of disparagement.

A spokesman for President François Mitterrand, a longtime friend of Mr. Bérégovoy's, said Sunday that the president had opted for "mourning and silence" rather than making a statement.

Mr. Bérégovoy's suicide leaves Mr. Mitterrand even more politically isolated than before. The president has just started his second period of power-sharing with a hostile conservative

government, a move that was criticized by many in France.

Foes had accused Mr. Bérégovoy of leaving the French economy in a state since World War II. His strong support of high-interest-rate policies earned him a reputation abroad but punished businesses and helped to push the number of jobless Frenchmen above 3 million.

"We had a recession and an unpleasant political climate, but I take my share of responsibility, along with many others," Mr. Bérégovoy said in his last interview, broadcast after his death.

He was torn by criticism of his million-franc (\$185,000, at current rates) interest-free loan to the state in 1986.

See **SUICIDE**, Page 5

# G-7 Achieves Affability, If Little Else, at IMF Session

By Lawrence Malkin  
*International Herald Tribune*

WASHINGTON — Just this winter, C. Fred Bergsten, who runs Washington's most influential think tank on international economic problems, read a funeral oration for the Group of Seven's coordination process, declaring it a victim of self-centered nationalism and bad manners.

This weekend, spring returned, and the world's seven major industrial nations met with newfound civility to announce what each was already doing separately to improve its economy. This was greeted with applause by other financial powers gathered here for the semi-annual meeting of the 24 nations of the steering committee of the International Monetary Fund.

But the United States, Germany, Japan, France, Britain, Italy and Canada are still a long way from genuinely acting as a body — for example, from crafting domestic policies with an eye to reinforcing policies of their trading partners or calming financial markets.

The seven are doing what comes naturally in a world slump, although Treasury Secretary Lloyd Bentsen said they had laid the basis for further action. His senior aides explained that

he meant even lower interest rates in Germany and another round of deficit spending in Japan. They left no doubt they would be arguing for these things at the spring round of meetings leading up to the G-7 economic summit meeting in Tokyo in July.

"This is not a process where we pull rabbits out of hats at meetings," one U.S. official said. "The dialogue continues. You don't see the innards. You see the results."

So far, the results contain no evidence that any of the seven would have done anything differently or more or less quickly if the process did not exist, leaving the formidable Mr. Bentsen sounding a bit like Chacliteer crowing with hope for an economic dawn.

Could the G-7 have done better? Mr. Bergsten argued that the actions the nations had taken separately could have been delayed until the meeting and packaged for a joint announcement.

"Doing this all together can add up to more than the sum of its parts for the financial markets," he said. "Maybe Bentsen has commitments he is not disclosing, but he obviously is hoping for more spontaneous action arising

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# In South Africa, Specter of White Exodus

By Paul Taylor  
*Washington Post*

JOHANNESBURG — For a man whose business has never been better, Tom Anselmy cannot remember feeling worse.

His international moving company has been getting 100 phone inquiries a day — twice the usual number — since the assassination of the black leader Chris Hani on April 10 gave South Africa its worst bout of nerves in years.

"It's a sad state of affairs," said Mr. Anselmy, 50, a fourth-generation South African who says he never immigrated but said he was "desperately afraid that his grown daughters would leave."

Some of the callers don't even want us to come out to their homes to give an estimate," he added. "They want a quote over the phone and

been that when blacks take power, white colonizers take their leave. South Africa, however, is different. Whites arrived in the 17th century as settlers, not colonists. They have been in the country nearly as long as whites have been in North America.

Although they got the politics famously wrong, they built the most sophisticated economy on the continent. They now are hoping to remain economically indispensable even after they become politically disposable.

"To whites, we say we want you to stay, we need your skills," Nelson Mandela, the African National Congress leader, said last week, amid reports of white flight.

Immigration has outpaced emigration in South Africa throughout the apartheid era, except during a few of the most turbulent years.

### Kiosk

#### Tamil Link in Slaying Of Sri Lanka Leader

The Sri Lankan police said Sunday that they had found evidence linking Tamil separatists to the assassination of President Ranasinghe Premadasa the day before.

Speaking of the separatist Liberation Tigers of Tamil Eelam, Lionel Gunatilake, a police official, said at a news conference that members of the group were the "prime suspects" in the killing. The Liberation Tigers have denied involvement. (Page 2)

#### NHL Islanders Take Lead

PITTSBURGH (AP) — The New York Islanders, playing without their injured star, Pierre Turgeon, got goals from Ray Ferraro and Benoît Hogue to surprise the Penguins, 3-2, on Sunday in the first game of the NHL's Patrick Division finals.

#### Business/Finance

Japan warned that it could retaliate against sanctions in a dispute with Washington. Page 9.

#### Bridge

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# Seles Is Flown To U.S. After Knife Attack

By Ian Thomsen  
*International Herald Tribune*

HAMBURG — Monica Seles, the world's top-ranked woman tennis player, was released from the hospital Sunday and flown to the United States, two days after she was stabbed during a tournament match by an East German man who wanted his fellow German, Steffi Graf, to replace her in the rankings.

The Women's Tennis Association said Sunday that Seles's attacker would not be granted — at least not immediately — a visa to visit her in the United States. She was awarded her current points average of 332.2133 this week, rather than the 60.5 points she would have received for not being able to finish the quarterfinal match of the Citizen Cup, since she had to be rushed away by stretcher.

Graf is a distant No. 2 in the rankings, with a weekly average of 299.9852 points.

No further adjustments will be made in the rankings, the WTA said. The 19-year-old Missis, making a comeback last week after missing two months with a viral infection, is not expected to be able to play again for at least a month.

She will probably miss the French Open, the year's first Grand Slam tournament, of which she is the three-time defending champion. It starts May 24; Graf could replace her as No. 1 following that tournament.

In Paris, Christian Buzès, the new president of the French Tennis Federation, said that security will be reinforced for the players in the French Open.

In Rome, officials of the women's Italian Open said extra police will be at courtside for the clay court tournament that begins Monday.

Graf, who left the hospital in tears after visiting Seles on Saturday, lost to No. 3 Arantxa Sánchez Vicario, 6-3, 6-3, in Sunday's final of clay-court tournament. It was the 23-year-old German's first loss in 33 matches in Hamburg, where she had been trying to win the WTA tournament for a record seventh consecutive year.

Seles, in a statement before leaving Hamburg, said that "I want to thank all that



Steffi Graf on Sunday during her losing effort in the final of the Hamburg Open.

people here who have helped me over these last few difficult days. The greetings and the best wishes I received from so many people are a great support to me, and I want everyone to know how much it means to me and how much it has helped."

Players and tour officials predicted that the psychological damage of the attack would affect her more than the physical wound. The police announced that Günter Barche, 38, a lather operator from the state of Thuringia in Eastern Germany, had been charged with attempted murder.

According to the police, he made "an insane impression" during two hours of questioning Friday night. The police said he has been planning his attack on Seles for his time before stalking her at this tournament.

Seles was stabbed during a changeover in her match against Magdalena Maleeva of Bulgaria, which Seles was winning, 6-4, 3-6.

Her seat was separated from the stadium grandstand only by a thin wall about a meter high. A guard stationed in the audience near Seles said he had thought nothing of it when he noticed a man approaching along the balcony. But the man turned and, from a hidden under his clothing, suddenly pulled

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# STATESIDE / AFTER WACO

## ★ POLITICAL NOTES ★

### Health Care Debate Looks at Price Controls

WASHINGTON — Hillary Rodham Clinton said the administration's policy of voluntary, short-term price controls for the health industry — but backed up by mandatory federal controls that would go into effect if doctors, hospitals, drug makers and insurers failed to limit price increases to a negotiated level.

The administration is "working with the provider groups and they believe voluntary price controls are preferable and could in fact work," said Senator Bob Kerrey, Democrat of Nebraska, after a meeting Mrs. Clinton held with 52 senators about overhauling the health care system. "Providers who had not been eager to come to the table have become clear-eyed, understanding that if they don't, something worse could happen."

Administration officials said no final decisions on the politically explosive question of short-term controls had been made, but many senators who attended the bipartisan meeting said Mrs. Clinton was "fairly definite," as Senator Paul Simon, Democrat of Illinois, put it, about the decision to negotiate voluntary measures with providers.

Under the voluntary-control scenario, the government, in consultation with industry, would determine a maximum rate at which health-related prices could increase in a given year. Providers would be given a fixed amount of time — perhaps one or two years — in which to limit price growth. Legislation would be enacted that would put mandatory controls in effect if voluntary measures failed within the specified time period. (WFP)

### From White House, a Signal on Civil Rights

WASHINGTON — In a major civil rights initiative, the Clinton administration argued to the Supreme Court that a civil rights law enacted in 1991 should apply to discrimination suits that were pending when the law was passed.

The new position, set forth in a brief filed with the Supreme Court in two pending cases, represents an abrupt reversal of the view pressed on the justices by President George Bush. Justice Department officials say it is emblematic of how different the new administration's approach to civil rights will be.

If the high court accepts the administration position, thousands of women and minority members will find it easier to win damages for claims they have brought based on discrimination that they experienced before 1991. (NYT)

### Quote/Unquote

"I will say to the gentledady, for whom I have the greatest respect, I would hope that she or any other member not try to cut off another member when a serious matter like this is trying to be resolved here in the proper House." — What Representative Gerald Solomon, Republican of New York, said to another representative, as edited by Mr. Solomon for the Congressional Record.

"You had better not do that, ma'am. You will regret that as long as you live." — What Mr. Solomon actually said. (AP)

## Reno After Her Trial by Fire Attorney General Strengthened by Cult Fiasco

By David Johnston  
New York Times Service

WASHINGTON — President Bill Clinton stopped by the Justice Department to praise her girl. A friend from her undergraduate days at Cornell sent yellow flowers with a card, saying, "Hang in there, Janet." And at a speech, an employee held up a sign echoing the attorney general's sister in Florida, who had called on the night of the Waco fire, "That-a-girl."

Two weeks after presiding over the FBI's ill-fated tear-gas assault on the Branch Davidians near Waco, Texas, Ms. Reno seems to have emerged not only unscathed, but also with her recognition and popularity enhanced.

The failed operation seemed to shore up what had been a weak position in the administration. A Washington outsider without national recognition or longstanding ties to the president, she was Mr. Clinton's third choice for the job. Her independence from the White House was uncertain as she faced a tough decision about the future of the FBI, which was in turmoil over the ethical problems of its director, William S. Sessions.

The assault, which was intended to save lives but ended with the deaths of scores of cult members, suddenly gave Ms. Reno a national stage, which she seized. Her plain-vanilla style and unstudied demeanor seemed to connect with ordinary Americans, and she was cast in a sympathetic light as someone who tried to deal peacefully with a zealot, David Koresh.

Suddenly, Ms. Reno has vaulted to a position of prominence. In an administration still trying to find its level, defending its competence and battling Congress, she has become a prized asset, a popular figure whose candid, caring tone has neutralized critics.

Peter Hart, an opinion researcher, noted that nearly 80 percent of those asked in one of his surveys had said she should not resign and supported her decision, 3 to 1.

"Boris Yeltsin should wish for those numbers," said Mr. Hart, who has concluded that Ms. Reno and Interior Secretary Bruce Babbitt are the surprise stars of the Clinton cabinet.

"I take it all with a grain of salt," Ms. Reno said recently. "I didn't do anything special. Everybody else could have gone through exactly the same process I did about Waco, and I don't think it's a special thing to try to be accountable to people and answer their questions."

## Aspin Fires General in Cargo Plane Shake-Up

By John Lancaster  
and John Mintz  
Washington Post Service

WASHINGTON — Defense Secretary Les Aspin has dismissed a top U.S. Air Force general for mismanaging development of the C-17 cargo plane, moving to assert control over one of the costliest and most troublesome items in the Pentagon's purchasing budget.

The C-17, built by McDonnell Douglas Corp. in Long Beach, California, is designed to carry tanks and other heavy equipment to undeveloped airfields and was supported by President Bill Clinton during his campaign last year. Several Pentagon officials described the disciplinary actions as a "sacrifice" aimed at appeasing congressional critics.

Mr. Aspin directed that Major General Michael J. Butchko Jr., 53, be relieved as commander of the Air Force Development Test Center "based on his performance when he was the C-17 system program director." Mr. Aspin also disciplined two other generals and a civilian official for their roles in the development of the transport jet, which has been plagued by cost overruns and structural problems such as cracking wings.

The public rebuke of senior military officers by a civilian defense secretary is rare but hardly unprecedented. Mr. Aspin is seeking to establish his authority after a rocky beginning characterized by missteps and confusion about the administration's plan to lift the ban on homosexuals in uniform. He also has been saddled with a reputation, rooted in his former role as chairman of the House Armed Services Committee, as an amiable policy intellectual who never dismisses anyone and has untested management skills.

The administration has cited the C-17 as essential to its plans for highly mobile forces able to respond quickly to distant crises.

But congressional critics looking for post-Cold War defense savings have made a favorite target of the C-17 program, which is already more than \$1.3 billion over budget and two years behind schedule. The air force hopes to build 120 of the planes at an eventual cost of \$40 billion.

## The Trib Competition: Some of the answers

The Louis Harris organization finishes its special poll on Tuesday to measure public approval of President Bill Clinton after his first 100 days in the White House.

The Harris Poll figures, available in a few days, will be used to determine the winners of the Trib Competition. The reader who came closest to matching the Harris finding stands to win a round-trip, Paris-New York, on the Concorde.

In the event there is more than one correct forecast among the more than 5,800 responses, the overall winner will be decided on the basis of answers to three tie-breaking questions: predicting the Dow Jones industrial average at closing on April 30; Mr. Clinton's 100th day; the Trib index the same day; and the value of U.S. dollar in Deutsche mark or yen at the 4 P.M. close in New York on April 30.

Awaiting the Harris Poll outcomes, here are the results of the tie-breakers:

Trib index close April 30	100.55
Dow Jones close April 30	3,427.55
Dollar/Mark close (N.Y.) April 30	1.586
Dollar/Yen close (N.Y.) April 30	117.15

## Clinton Outlines a Plan To Alter College Loans

By Thomas L. Friedman  
New York Times Service

NEW ORLEANS — President Bill Clinton has outlined a plan to overhaul the way Americans pay for college, offering students up to \$10,000 for college or vocational training in return for two years of community service. He also would change the student loan program to allow students to borrow money directly from the government.

Mr. Clinton unveiled the aid program to an audience of students Friday at the University of New Orleans. He said that, if adopted, it would "revive America's commitment to community and make affordable the cost of a college education for every American."

He said his National Service Trust Act would be to the 1990s what the GI Bill was for the 1950s and the Peace Corps for the 1960s.

If Congress passes the bill this year, Mr. Clinton said, the program can start in 1994. The National Service budget calls for \$400 million in 1994, which would cover about 25,000 community service jobs, rising to \$3.4 billion a year for 150,000 participants in 1997.

They would do minimum-wage jobs in education, the environment, public safety and human services. On top of their wages, about \$8,500

## Auto Workers' Survival Tactic As Big 3 Talks Near, Union Focuses on Avoiding Layoffs

By Louis Uchitelle  
New York Times Service

NEW YORK — Unable to stop layoffs and plant closings, the United Auto Workers are preparing for contract negotiations with the Big Three automakers with a major shift in policy.

More than ever before, this flagship of the American union movement is focusing its attention on keeping its current, aging members on full salary and benefits until they retire — rather than preserving the jobs for successive generations.

The strategy, clearly visible at a UAW conference last week, is critical for survival, the union leadership says. But some union officials and members say the new approach, and a willingness to bend traditional union goals in other areas, could end up destroying the union rather than saving it.

The debate between union leaders who consider themselves flexible and willing to adapt to the automakers' needs and those who prefer a more traditional militancy makes the UAW a testing ground for organized labor. That is happening just as the Clinton administration says it is willing to help unions regain some of their old powers.

"The unions, and the UAW in particular, are searching for a combination of laws and union power that will say to business, 'You, business, will have to pay good money to your workers, so you will have to figure out a way to make them productive enough to be worth the money you are compelled to pay them,'" said Paul Weiler, a labor law expert at Harvard University.

From its birth in 1935 until the 1980s, the UAW gained for its members a middle-class prosperity. But in recent years that prosperity has eroded, and the union has lost more than one-third of its members.

Unfavorable decisions by the National Labor Relations Board have diluted some union bargaining power. And no contract has been ever prohibited General Motors, Ford or Chrysler from closing

### Death Toll Revised to 72

Autopsies continued to reveal gunshot wounds in more bodies of cult members taken from the Branch Davidian compound, as the authorities revised the death toll downward, from 86 to as low as 72. The New York Times reported from Waco.

The medical examiner's office in Fort Worth, where the bodies have been taken for autopsies, reported that gunshot wounds had been found in 7 of the 28 bodies examined so far.

Officials still do not know how many people died in the fire on April 19, and they said they may never know. But they now doubt that there were 95 people in the compound when the fire started.

The 95 figure, officials say, came from Mr. Koresh, the cult leader. Since nine members survived the fire, the authorities had been working on the assumption that they would find 86 bodies. They have said no one inside could have escaped without being detected.

### Panel to Investigate Raid

The Los Angeles police chief, Willie L. Williams, will be named Monday to a three-member panel to aid in the Clinton administration's investigation of the February raid on the sect's compound, the Los Angeles Times reported, citing administration officials.

The other two members of the panel are Henry Ruth, a former Watergate special prosecutor, and Edwin O. Guthman, a journalism professor at the University of Southern California. The raid, which led to the 51-day standoff at the compound, was conducted by the Bureau of Alcohol, Tobacco and Firearms.



MUSIC TO ORBIT BY — The astronaut Ellen Ochoa playing her flute aboard the space shuttle Columbia. The astronauts began a nine-day research mission on April 26.

## Away From Politics

- Fossil microorganisms discovered in Australia prove that life was already thriving and diversified 3.485 billion years ago, which leaves a much narrower window than previously thought for life to have evolved naturally on Earth. The microorganisms are more than 1.3 billion years older than any comparable fossil group ever found. The finding could focus more attention on the hypothesis that life originated elsewhere in the universe before reaching Earth.
- Electric power lines above a San Diego home did not cause the cancer suffered by a 5-year-old girl, a jury ruled in a case believed to be the first involving charges that electromagnetic fields caused a disease. The verdict absolved San Diego Gas & Electric Co. of responsibility for Mallory Zuidema's illness.
- Utah's latest restrictions on abortion have been blocked by U.S. District Judge Dee Benson, who issued a temporary restraining order and said he would hold a hearing before the period expired. Attorneys for the Center for Reproductive Law & Policy had argued that Utah's new 24-hour waiting period and informed-consent provisions for women seeking abortions would keep many from obtaining safe, legal abortions.
- Cancer-causing emissions from cars are decreasing because of smog regulations but are likely to pick up again in the next century as the number of cars increases, the Environmental Protection Agency said. An agency study found that cars account for half the cancer deaths caused by toxic air pollution.
- A federal appeals court in New York threw out the order forbidding all lawyers in the World Trade Center bombing case from discussing it outside of the courtroom, ruling that the order curbed their free-speech rights unnecessarily. The court held that the order imposed last month by Judge Kevin Duffy was overly broad and insufficiently justified.
- A decorated soldier who disclosed his homosexuality during last weekend's gay-rights march on Washington was told by his superiors upon his return to San Francisco that he would be discharged from the army because his presence violates the military's ban on homosexuals. Sergeant Jose M. Zuniga won a medal for his service as a combat medic in the Gulf War. (AP, NYT, LAT)

## 2 Front-Runners to Vie For Texas Senate Seat

Los Angeles Times Service

HOUSTON — In what boiled down to a preliminary bout to narrow down to a crowded field, the two front-runners in a special U.S. Senate election in Texas made a strong showing and advanced to a runoff.

Robert Krueger, a Democrat appointed in January by Governor Ann Richards to fill the Senate seat left vacant when Lloyd Bensten was named Treasury secretary, and Kay Bailey Hutchison, a Republican who is state treasurer, finished atop the field of 34 candidates. Mr. Krueger had 30 percent of the vote. Mrs. Hutchison 29 percent. The runoff is expected about a month from now.

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# INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

## Slow Economic Results

Around the beginning of this year the American economy skipped back into second gear. That is a disappointment after the strong expansion in the second half of 1992, but not a huge surprise. The current Republican claim is that the Bush administration turned over to the newcomers an economy in good shape, but that the Democrats then frightened it with their talk of taxes. In fact, this latest setback continues a pattern of irregular and hesitant growth that has now persisted for four years.

To raise the American standard of living requires higher productivity—that is, higher output per worker. Recent performance there has been encouraging, but it is being achieved under the yoke of world competition, through the most drastic and turbulent restructuring of big business since the Depression. It is understandable that consumer confidence has been shaken when you consider the plant closings and sweeping layoffs in the past year among the great industrial corporations that have meant economic security for many millions of Americans. That, presumably, has contributed more to consumers' rising caution than the prospect of a tax bill that will chiefly affect the top 1 percent of the income ladder.

## Go On, Clean Up Italy

Italy has a spanking-clean new government with a popular mandate to purge Italian politics. But as Prime Minister Carlo Azeglio Ciampi takes office, discredited politicians and industrialists are trying to salvage what they can of a system that did so much to enrich them. Italian democracy is by no means free from the clutches of corruption.

## Reforming After Waco

If anything redeems the Texas disasters—the killing of four Treasury agents and the fiery deaths of scores of cultists and their children—it may be that the government's scattered law enforcement machinery will finally be studied for competence and coherence. Even before investigations are complete, it is clear that two Federal agencies botched their jobs badly.

## Other Comment

Don't Put Hope in Europe  
As atrocity has followed atrocity in Bosnia and the United States has seemed by painful steps to be moving toward military engagement there, more than a few Americans have wondered whether they were missing something that the Europeans were seeing. If Europe saw no peril, perhaps there was none to be seen.

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# 50 Years of European Progress



WARSAW 1943



SREBRENICA 1993

## For East and West, East Europeans Need Security

By William Pfaff

OXFORD, England—A meeting on how to aid the new democracies of the ex-Communist and Third Worlds, held at Ditchley Manor, near Oxford, has left this writer with the conviction that solving the security problem in Eastern and Central Europe is crucial to the defense of democracy there.

The insecurity of the region has three causes. First is anxiety over unsettled conditions in Russia, Ukraine and the Baltic states. The possibility that the fledgling institutions of Russian democracy may break down, bringing disorder and a possible resurgence of national authoritarianism, is a tangible and justified fear for the countries on Russia's borders.

Second is a feeling, rapidly growing in the region (accelerated and seemingly justified by the Western performance in Yugoslavia), that a destructive realpolitik has returned to Europe. There is belief that Germany has its own agenda in the East, with rising pressure inside Germany to challenge existing borders. The fact that Germany's reunification was accomplished unilaterally, without a formal treaty with the wartime allies settling World War II, thereby nullifying and fixing Germany's eastern frontiers, has fed this fear.

Germany's haste to recognize the new Slovenian and Croatian states despite the hesitations of other West Europeans is taken by some as evidence of a new and troubling German assertiveness. The French-German and British-German disbursements which followed, when Serbia moved militarily to reclaim the old Yugoslav frontiers and then to make the Serbian-populated regions of Croatia (and later Bosnia-Herzegovina) "autonomous," are seen as a critical break in Western unity. And any loss of Western unity is seen as a general threat to the entire region's security.

The continuing disputes among the Western governments over what or what not to do in Yugoslavia are taken as a signal of bigger and more basic divisions in the Western camp. The third source of insecurity is

ethnic conflict. The ethnic checkerboard of the area means that every country with an ethnic minority inside its frontiers perceives a potential minority foe as an equal threat to its own security and cultural autonomy. When the future becomes increasingly uncertain, as now is the case, governments are driven toward policies of extreme defensiveness combined with maximum claims; repressing what are taken as threats from within and making aggressive assertions in support of minorities abroad.

This currently is particularly true for Hungary and the Hungarians, a third of whom live outside the borders of the Hungarian state, with the some 400,000 who live in Serbian Vojvodina in real danger. It is urgent that the Western governments do what they can to reassure these countries, so as to halt a serious deterioration in the relations among some of them. I have in the

past suggested one measure that could make a dramatic difference: Acting through NATO, the Western powers could guarantee all Central and East European frontiers against non-negotiated change and against external threat.

If that is politically impossible, the next best step would be to bring all these countries into much closer and more persuasively reassuring relations with NATO and the NATO powers. NATO already has set up a North Atlantic Cooperation Council that includes the ex-Communist governments, but until now this has been an affair of conferences, visits and exchanges. We need very rapidly to turn this into something much more ambitious and vigorous.

It is imaginable that NATO could sponsor a Central and East European security organization whose members mutually guarantee the security of one another's frontiers. It may be that Germany should be a member of

## The Serbs, Too, Have Security Worries

By Stephen S. Rosenfeld

WASHINGTON—There is a small but potentially crucial element of diplomacy missing from the West's approach to Yugoslavia. The element of broad Serbian rights has been only poorly grasped.

The Serbs deserve the full approval that their war crimes have brought down on their heads. The trouble is, Serbs are not only perpetrators on a large scale, but on a smaller but not insignificant scale they are victims as well. They acted badly and disproportionately but, whether you call it a provocation or a pretext, a triggering event happened without which this whole tragedy might have been averted.

The event was the unilateral declaration of independence first by Croatia and Slovenia and then by Bosnia. Overnight the large Serbian populations in Croatia and Bosnia were converted from members of the favored Serbian plurality in the old Yugoslav

via to subordinate minorities in what they now regard as foreign countries. Its new constitution made Croatia the state of the Croatian nation, reducing and alienating the 600,000 Serbs. "Thank God my wife is neither a Serb nor a Jew," Croatian President Franjo Tudjman declared. There are now 700,000 Serbian refugees in Serbia, an eighth of the population.

Again, none of this excuses what the Serbs are doing. They have succumbed to what Slovenia's secessionist president, Milan Kucan, calls "a national drunkenness." By any faintly fair measure, they punished others many times over for what had befallen them. But that does not alter the fact that in this historical cycle the original sin was committed not by Serbs but against Serbs. Subsequently the Serbs moved on into the role of aggressor, making a hash out of United Nations efforts to fix a place for them in both Croatia and Bosnia. But they did not

such an organization as well as of NATO, applying a practical link between the two, and thereby furnishing a double guarantee of its own commitment to stable frontiers and Central European security.

NATO's secretary-general, Manfred Wörner, urged recently that NATO's cooperation with the Eastern countries move rapidly toward "concrete projects that address the specific challenges facing each of our new partners." He is absolutely right.

He is equally right in saying that Europe cannot afford to have France still standing aside from NATO's planning and its integrated operations. That was a policy for Cold War conditions. It is time for France to be serious about the new threat. NATO today is the only institution in Europe with the authority and means to assure the Continent's security. The ex-Communist countries badly need what NATO can offer—and so do the Western democracies.

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thereby entirely cancel their claim to have their community interests somehow taken into account.

One possible solution, a Greater Serbia forcefully wrapping dispersed Serbs into a single ethnic-based state, is out of the question. It is aggression, congealed and rendered permanent.

Another possible solution, the Vance-Owen plan, has been battered almost past the point of recognition. In any event, it applies only to Bosnia and does not touch ethnic co-existence in Croatia or Kosovo. The least theoretically sound approach: a comprehensive arrangement worked out over time among the several new states to afford each other's minorities special rights and protections within a loose structure looking suspiciously, in a geographic sense, like the old Yugoslavia.

So far as the deterioration progressed, however, that outsiders are going to have to play a role. Suppose, for instance, that Bill Clinton set out to say: The Serbian government has acted atrociously, but the Serbian people have suffered and deserve their rights; what we Americans oppose is not Serbian ethnicity and safety but Serbian criminal and warlike conduct. I bounced this notion off a high official. He suggested that to acknowledge Serbia's interest in other Serbian communities is to step out on a slippery slope taking you uncomfortably close to the conclusion that Hitler had a fair claim to Czechoslovakia's German-populated Sudetensland.

But a president who chooses his words carefully could avoid that trap. At this minute, Americans are engaged in selecting not only the means of policy—what weapons to deploy, what targets to strike—but also the right ends. One must be to confront and deter aggression. Another must be to open a door a bit more deliberately to Serbia's eventual return to decent international company. Perhaps Serbs are so consumed by ethnic lust or an inflated sense of their own victimhood that they cannot respond to that split-level message. They should be tested as the West weighs the leap into force.

The Washington Post

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1893: Unwelcome in Fez

PARIS—Our Fez correspondent sends us a description of life in Morocco. The climate is "glorious," the people are "picturesque" and there is the healthy freedom of tent life and the "fiery delight of riding with free rein in a wild country, armed to the teeth." But our correspondent gives those who intend to travel in Morocco the same advice that Pynchon gave to people about to marry, "Don't! The little personal *émoué* recounted by him and the difficulties of a party of Englishmen at Fez who could find no place to lay their weary heads are incidents that show the difficulties the foreigner faces penetrating the shades of Islam.

### 1918: 'Peace Offensive'

LONDON—Reports to the effect that the Central Empires are about to start another insidious "peace offensive" are circulating, says the *Daily Telegraph*. According to Scandinav-

# Spell Out The Goals In Bosnia

By Leslie H. Gelb

NEW YORK—It looks as if President Bill Clinton has mercifully abandoned his search for the immaculate conception of Bosnia. He now seems to realize that there is no policy for Bosnia that can miraculously roll back Serbian aggression without risking an American life, reconcile the irreconcilable warring factions and unite Gandhi and Godzila.

So he finally appears to have gathered up his courage, ended his endless policy seminars and chosen among the unhappy choices.

Unless he has third thoughts, Mr. Clinton has decided to bomb Serbian forces in Bosnia and arm the Muslims. But he will not act alone, nor should he. His advisers expect the allies to go along, more or less, gradually.

The president's proposed actions are mostly on target, as Serbian "interests" in the weekend Athens peace parley shows. But something critical is missing—a crystal-clear statement of sensible objectives. Without this, Mr. Clinton looks as if he is drifting, allowing events to shape goals and simply making tactical decisions to blunt political pressures.

The omission of purpose could prove disastrous.

First, it creates the impression that Mr. Clinton does not know exactly what he is trying to accomplish. Conversations with administration officials do not inspire confidence on this score. All too revealing and depressing, Secretary of State Warren Christopher's prepared statement on Saturday said nothing about objectives.

From day one, the president and his team have been all over the lot about war and peace aims. At various times they talked vaguely about bringing about a cease-fire, ending Serbian aggression and supporting the Vance-Owen peace "process." Any one of which goals would demand massive military intervention.

Mr. Clinton could get by with this unrealistic rhetoric as long as he was merely squeezing the Serbs with words and trade sanctions. But now that he proposes to put American lives on the line, he has to offer something more precise and attainable—or risk losing everyone's confidence, and the control of events.

Second, if Mr. Clinton fails to spell out his goals, others will do it for him, with potentially fatal effects. Already the void is being filled by military officers against U.S. intervention and legislators with politics on their minds. If the United States uses force, they say, the United States must win a lasting military victory.

Such talk may have made sense in the Cold War, when the United States faced a global threat from the Soviet Union. Nowadays it is just a pile of rhetoric.

When George Bush dispatched U.S. troops to Somalia, no one argued that they had to force the warlords to surrender. The idea was to give Somalia a chance to work out a more peaceful future. That aim was clear, sufficient and wise.

To insist on military victory in Bosnia would be catastrophic. Either the United States would kill thousands of troops in battle in order to win, thus replaying Vietnam. Or it would make the reasonable use of limited force for limited and sensible ends look like failure. Either way, President Clinton and the United States would lose.

In Bosnia, Mr. Clinton must not divorce ends from U.S. interests or allow means to dominate without ends. U.S. interests in Bosnia are mainly humanitarian and regional. They are to save lives and deter the Serbs from igniting a wider Balkan war.

The ends sufficient to those interests are to protect innocent civilians from being slaughtered, to give Muslims a chance to defend themselves, and finally to punish Serbian genocide and tame Serbian ambitions. In time and with the proper application of force and economic sanctions, it would also be possible to seek a balance of power, a cease-fire and some kind of political settlement.

For these limited and achievable ends, the means proposed by Mr. Clinton—bombing Serbian forces in Bosnia and arming the Muslims—are largely adequate. The only missing element is a limited number of NATO ground troops to create and guard safe havens for civilians.

Mr. Clinton stands on the threshold of formulating a Bosnian policy that can work. To cross it and command U.S. and allied support, he must show that U.S. interests—not events—are directing realistic U.S. goals, and that these ends are defining his choice of means. The New York Times

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ADVERTISING SECTION

# INDIA

## In Show of Confidence, Nation Opens to the World

The Indian economy is clearly heading in a new direction, as evidenced by moves to lift trade and investment restrictions, reduce taxes and initiate other wide-ranging reforms.

As recently as three years ago, the announcement of an end to government licensing control over investment in such undesirable "luxury" industries as automobiles or appliances would have kicked up a political storm in socialist India. In early April, however, the government in New Delhi announced precisely that in its latest drive to lift licensing controls, and there was scarcely a ripple of comment. Proof, if any were still needed, that the Indian economy is now headed in a new direction.

That announcement came close on the heels of a path-breaking budget by Finance Minister Manmohan Singh, his third such reform exercise since the Narasimha Rao government assumed office in June 1991 at the height of an economic crisis. The budget made history because it contained no new taxes at all — an unprecedented move in overtaxed India's fiscal history; instead, it announced a record amount of tax reductions, totaling 0.7 percent of the nation's gross domestic product.

The most significant change was the sweeping reduction in customs tariffs, signaling that the Indian economy is being opened up to the world. More reductions, especially in corporate tax and personal income tax, have been promised for next year.

Even more newsworthy was Mr. Singh's announcement during his budget speech that the external value of the rupee would henceforth be determined by the market and not fixed by the government.

A sign of the growing confidence in the Indian economy is that the rupee has gained about 5 percent in value since the budget announcement and the full float, moving up to 31.30 rupees against the

U.S. dollar. Even more important, dollars have suddenly been flowing in at a rapid pace, and the country's foreign-exchange reserves have increased by over 30 percent in the six weeks to mid-April, reaching \$6.4 billion.

That sum equals about three months' import cover, a more comfortable level than at any other stage in the last five years. Says a buoyantly optimistic C. Rangarajan, governor of the Reserve Bank of India:

"I knew that the rupee would gain in strength after we announced a full float."

All this is a ringing endorsement of the Narasimha Rao government's reform program, now nearly two years old. The reforms have placed the economy on an even keel: Annual inflation is down from 16.7 percent to 6.5 percent in less than two years; the fiscal deficit has dropped from 8.5 percent of GDP to the targeted 4.6 percent in the space of three budgets; and the runaway growth in money supply has been checked.

Economic growth slowed to barely 1 percent in the first year of the reform program (1991-92), from an average of 5.5 percent in the 1980s, but it has recovered to 4.2 percent in 1992-93 and is forecast to cross 5 percent this year.

More significant from a long-term perspective, the economy's regulatory

framework has been ripped apart in an attempt to give markets freer rein and to increase overall efficiency. Controls have been lifted on industrial investment; most trade controls have been dismantled; price controls on items like steel have been abolished; the troublesome monopoly law has been rendered toothless; and foreign investment is openly welcomed for the first time, with foreign majority ownership now automatically available in most sectors of industry.

The reform process is now beginning to focus on hitherto neglected areas — especially the financial sector and agriculture, both currently areas of heavy state control and intervention.

Much of the reform process has been helped along by a loan of \$2.2 billion from the International Monetary Fund and several loans from the World Bank; the loans are tied to reform in areas like trade and social services. The 18-month "standby" loan program with the IMF

draws to a close this May, and it is widely expected that the standby loan will be dovetailed into a larger, three-year loan under the IMF's extended fund facility.

Amid reports that the IMF feels fiscal correction should have been even sharper in the latest budget, however, the government has decided to delay starting negotiations on a fresh loan. The sudden inflow of dollars, following the floating of the rupee, has given it added confidence in adopting this posture.

With last year's trade deficit at about \$4 billion and export growth still sluggish at less than 3 percent, the foreign-exchange crisis that forced India to radically rethink its economic policies is by no means over. Mr. Singh knows this as much as anyone else, and it is likely to persuade him to push ahead even harder with the reform program in the hope of building on the considerable successes that have already been notched up.

## A Big Welcome for Foreign Investments

Significant changes in India's foreign-investment regulations have transformed the nation's business climate, encouraging overseas investors to set up joint ventures and allowing them to increase their shareholding in local companies.

Two large American companies — IBM and Coca-Cola — had to leave India in 1978, leaving behind them clouds of controversy about the country's laws governing international companies. Today, 15 years later, IBM has just begun to advertise its new joint venture in India, and Coca-Cola is busy setting up a manufacturing facility near Pune in Western India and preparing to launch its range of soft drinks.

The return of these two companies to India is a powerful symbol, given the events of 1978 and the restrictive history of the Foreign Exchange Regulations Act. FERA was recently amended to make it far less restrictive; as a result, India's business newspapers are beginning to report one kind of news

with almost monotonous regularity: General Electric announces a joint venture in lighting systems, its fourth Indian project in less than two years; Glaxo of Britain increases its equity in Glaxo India to 51 percent; and General Motors and Peugeot announce plans to start car production in partnership with Indian companies.

It would be an overstatement to say that India is going global, but it is certainly welcoming the world in ways that it never did before.

Foreign investment, which used to average barely \$100 million annually, increased sharply to \$500 million last year, and government officials expect it to double to \$1 billion next year.

A newly constituted Foreign Investment Pro-

motion Board has cleared foreign-investment proposals totaling over \$3 billion.

That may not seem like an enormous amount by, for example, Chinese standards, but it is significant in the Indian context.

"There is always a time lag between approval of an investment proposal and the dollars coming in," says Finance Secretary Montek Singh Ahluwalia. "Do not forget that China began opening up in 1978. There is no room for doubt that foreign investment in India is going to grow significantly."

With investment-hungry sectors like power generation and both the drilling and refining of oil thrown open to foreign companies, the trickle of investment dollars could

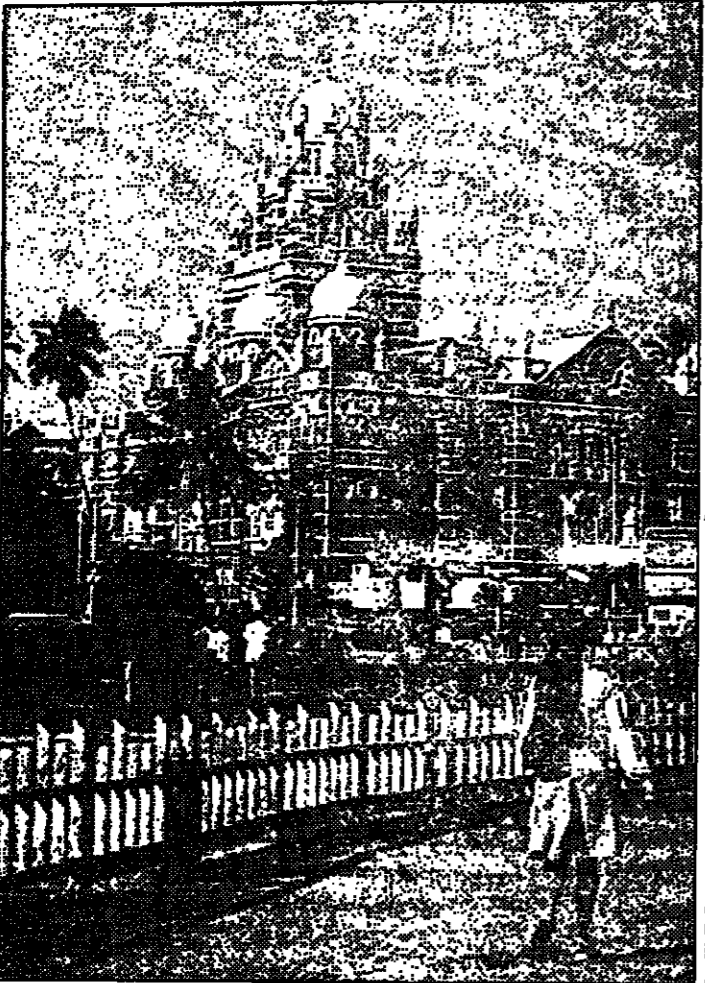
well become a flood. Energy ministry officials disclose that foreign companies have proposed investments of around \$16 billion in power projects involving an installed capacity of 16,000 megawatts. In another new area of foreign investment, British Gas has tied up with an Indian company to supply Bombay with piped gas; Calcutta is next on the list.

Much of the renewed foreign interest in Indian industry is a result of changes in the laws governing foreign investment. A principal change is that overseas companies can now automatically get majority shareholding in Indian joint ventures in most sectors; previously, they could not go beyond 40 percent without meeting stiff conditions. In addition, even the special cases tend to get cleared quickly by the FIPB.

Companies like Glaxo have seen clear opportunity in the new investment environment, and the British drug manufacturer has promptly increased its equity in its Indian company to more than 51 percent. "The pharmaceutical industry in India is still subjected to irrational price controls," says T. Thomas, chairman of Glaxo India, "but the overall business environment has improved, and this encourages foreign companies to increase their exposure in India."

Even fiercely nationalistic companies like Ranbaxy Laboratories — an Indian drug company that for some time spearheaded domestic lobbying to keep India's patent law unchanged in the face of U.S. pressure — has now announced that it is tying up with Eli Lilly. Some Indian business executives, however, are beginning to worry about loss of control. "We should be helping Indian companies to become multinationals, not allowing them to be taken over by multinationals from other countries," says Ravi Sinha, president of Shri Ram Fibres.

Other Indian executives may share Mr. Sinha's concern, but key government figures such as Finance Minister Manmohan Singh are convinced that, with foreign investment flowing increasingly into countries like Thailand and even Vietnam, India must join the game instead of watching from the sidelines, as it has done for over 40 years.



India's stock market (top) was opened to foreign investors last year. British Gas, along with an Indian company, will supply Bombay (above) with piped gas.

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### A Profile

CAPITAL AND ASSETS (As at end-March 1992)		US \$ Million
Paid-up Capital		241
Reserves and Reserve Funds		560
Total Assets		8959
Profits during 1991-92 (before tax)		183

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# OPENING UP THE ECONOMY

## Financial Sectors: Going Private, in the Open

Under mild pressure from the World Bank, India is re-vamping its financial sector. Major changes include permission to form new private banks, the opening of the bourse to foreign investors and an expected overhaul of the insurance industry.

In 1981, Charles H. Dallara was the U.S. representative on the board of the International Monetary Fund. That year, India approached the IMF for a record loan of \$5 billion. Every member of the board voted in favor of the loan — except for Mr. Dallara.

Times have changed. Mr. Dallara, now managing director of the Morgan Guaranty Trust Company, has just steered this J.P. Morgan subsidiary into a financial-services joint venture in India, in partnership with the Industrial Credit and Investment Corporation of India.

From being negative on a loan to being positive on a joint venture, Mr. Dallara has come a long way. Even more to the point, India has come a long way, too, and nowhere is the change more marked than in the financial sector.

Last January, the Reserve Bank of India announced that the formation of new private banks would be allowed and invited applications. Since the banking industry has seen repeated bouts of nationalization over the last 37 years and is therefore



Prime Minister Narasimha Rao.

dominated by large and mostly inefficient government-owned banks, the Reserve Bank's announcement was a welcome about-face.

Five companies have already applied for banking licenses, and at least one of them wants to start operations in tandem with a foreign partner. "We hope to improve the quality of service available to customers and use modern technology to good advantage," says S.A. Dave, chairman of the Unit Trust of India, a large mutual-fund organization that has applied for a banking license.

Change will soon spread from banking to insurance, another financial sector that has seen bouts of nationalization and public-sector dominance. Finance Minister Manmohan Singh announced last February that a committee would review the insurance business and recommend specific reform measures. This move is expected to be followed by private domestic and foreign companies being allowed to run insurance businesses in India once again.

Many of the changes are being introduced under mild pressure from the World Bank, which is keen to negotiate a sectoral loan tied to the reform of the financial sector. As a result, government pre-emption of bank funds at less than market rates of interest will drop from 36 percent to 25 percent in three years. Directed credit to special target groups, again at subsidized rates of interest, will come down sharply. Many of the rigid controls on interest rates have already been removed. "I would not have believed that so many changes were possible so

quickly," says the Indian head of a foreign bank's operations in India. "But, frankly, there is still a long way to go."

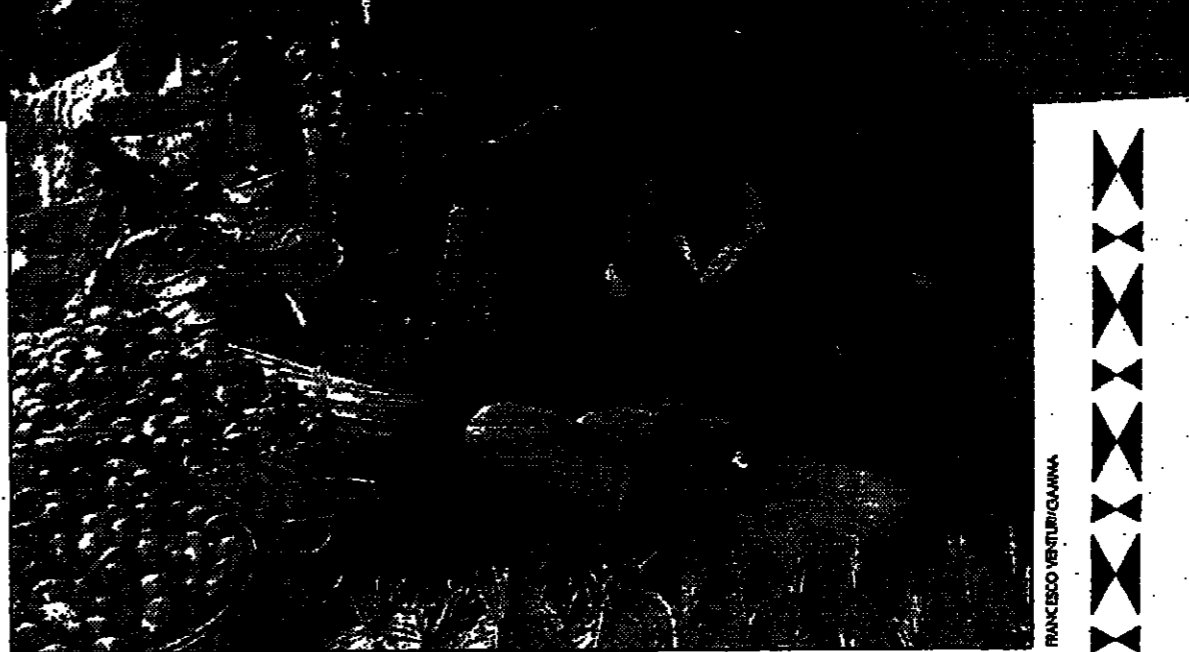
Meanwhile, the stock market was opened to overseas institutional investors last year. So far, 18 foreign institutions have registered to invest in India, but the money that has flowed in is a trickle: only about \$5 million.

Some of the reasons for the poor inflow became evident at a conference for institutional investors interested in India, organized by Chescor in London last March. Two factors mentioned were the absence of foreign brokers on whom the overseas investors feel they can rely and the short-term capital-gains tax: the latter was recently reduced from 60 percent to 30 percent, but the investors want no such tax at all.

The government has given no indication that policy will change in these



Finance Minister Manmohan Singh.



In addition to spices, everything from flowers to fruit will now be exported.

FRANCESCO VENTURINI/OWNA

areas. Pratip Kar, executive director of the Securities and Exchange Board of India and the man who deals with foreign institutions, feels the flow of investment will soon increase. "India is a good place to invest in," he says. "Share prices are now at attractive levels, and I believe the money will start flowing in."

SEBI, meanwhile, is trying to clean up India's somewhat chaotic stock markets, which last year saw a 40-billion-rupee (\$1.3-billion) financial scandal involving the diversion of bank and corporate funds into share purchases by bullish brokers, just before a stock-market bubble was pricked. Share prices today are less than half the levels of a year ago, when the scam first hit the headlines, and the Reserve Bank has stepped in to restore greater order in the banks and money-market operations.

The real news on the Indian financial sector is no longer the scam, but the significant changes in the financial sector. Mr. Dallara speaks for many observers when he says that "the message of these changes is that India is relying more on the market and opening up to the world."

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## Agricultural Exports: Worth the Risk?

Question: Which Indian producer has most benefited from the three-stage, 40-percent devaluation of the rupee since June 1991? Answer: The Indian farmer.

Indian policy-makers had not thought of it all these years, but an overvalued rupee had been acting as a deterrent to the growth of India's agricultural exports by pricing them out of global markets. That has now changed.

In the latest trade policy, unveiled at the end of March by Commerce Minister Pranab Mukherjee, the focus is squarely on promoting agricultural exports. Mr. Mukherjee set the country the goal of hitting \$5 billion in agricultural exports in three years, compared with just \$2 billion last year.

India has traditionally been an exporter of such plantation crops as tea and coffee as well as cotton, tobacco and spices like

cardamom, but Mr. Mukherjee now talks of exporting everything from flowers to fruit.

In a country where half the population of 870 million people still lives off the land, the new thrust to export policy has enormous employment implications. Value-added agricultural exports also offer farmers the potential of earning more money than they would from growing traditional cereals like rice and wheat. So the new thrust to trade policy has been widely welcomed.

### Half the population lives off the land

Companies like Pepsi Foods have already been focusing on agricultural exports, selling items such as tomato paste to the Pepsi global network and experimenting with oranges and pears. Cargill is entering the Indian seeds market at a time when

Some Indian economists worry, however, that the policy toward agriculture in other countries — with heavy subsidies for farmers in the United States, Europe and Japan — distorts the international market to a point where Indian exports might get priced out because of such barriers to a free market.

They argue that, with the GATT negotiations deadlocked on the issue of farm subsidies, the focus on agro-exports is misplaced. The optimists point out,

however, that India's share of the global trade in agricultural products is so small that increasing its share of the market should not be difficult. On the basis of such convictions, policy is beginning to shift from its earlier heavy emphasis on food-grain self-sufficiency to the novel idea of exploiting global trade opportunities. If the gamble pays off, this could even turn out to be the most far-reaching of all of India's economic reforms.

The optimists point out,

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This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. It was written by T.N. Ninan, editor of Business Standard (New Delhi).

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WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London, Tel: 322 40 00. Prices may vary according to market conditions and other factors. April 30

Canadian Dollars

Table of Canadian bond prices with columns for Issuer, Con, Mat, Price, Yld, and Bid/Ask.

ECU Straights

Table of ECU bond prices with columns for Issuer, Con, Mat, Price, Yld, and Bid/Ask.

Pound Sterling

Table of Pound Sterling bond prices with columns for Issuer, Con, Mat, Price, Yld, and Bid/Ask.

Yen Straights

Table of Yen bond prices with columns for Issuer, Con, Mat, Price, Yld, and Bid/Ask.

MUTUAL FUNDS

Large table of mutual fund prices with columns for Bid, Ask, and various fund names.

Vertical advertisement for 'CAPITAL MARKET' and 'THE TRIBUNE' with 'CURRENCY RATES' at the bottom.



## CAPITAL MARKETS

### Time Is Far From Right For a Big Issue by Spain

By Carl Gewirtz  
International Herald Tribune

PARIS — The largest-ever French franc Eurobond is waiting to be launched, bankers here report. The hangup is that Spain, which is looking to raise as much as 10 billion francs (\$1.88 billion), wants a long-term issue of at least 15 years, preferably 20 years. And this when the long-term markets have turned exceedingly soggy.

In all the major markets, prices last week declined and yields rose — by 26 basis points, or more than a quarter of a percentage point, in Britain; 22 basis points in Japan; 21 in Spain and the Netherlands; 18 in Germany; 15 in Canada; 11 in the United States and nine in France.

Thus, bankers are advising Spain to postpone its plans or aim for a shorter maturity where demand for new paper remains strong.

While the individual bond markets are suffering from purely domestic concerns, the global mood was soured by the well-publicized move into gold by George Soros, the investor and fund manager who is reputed to have made \$1 billion (\$1.57 billion) on sterling's collapse last autumn.

The price of gold spurred \$11 last week, to \$355 an ounce, its highest level since October, rekindling worries that weak governments, rising deficits, resistance to new taxes and a need to stimulate economic growth everywhere are a recipe for inflation. Gold is the classic haven against the debasement of paper money.

The rumor in the bond market is that Mr. Soros's real aim was not to establish a hedge against inflation but rather to use the news of his move to unsettle bond prices. The rumor says he established a large short position — selling bonds he did not own on the expectation they could be purchased later at a lower price.

Meanwhile, both the U.S. bond market and the dollar are in confusion about the outlook for the economy and the government's intentions regarding the currency. The surprise intervention in the foreign-exchange market last week on the eve of a meeting by finance ministers of the Group of Seven spurred speculation that the attempt to halt the rise of the yen had been part of a bargain to get Japan to put its dispute with Russia over the Kurile Islands on the back burner and increase its aid to Russia.

The dollar, which touched an all-time low of 109.35 yen, ended the week at 111.035 yen. But traders doubted that the yen's rise was over and continued to target a level of 105 yen as likely in the coming weeks.

While the United States' slow first-quarter growth in gross domestic product, at a rate of 1.8 percent annually, was considered disappointing, many analysts maintained that a picture had been distorted by bad weather and that signs of a more robust pickup would yet emerge.

But Philip Braverman, a New-York based economist for DKB Securities who has accurately assessed the underlying trend in the past, sees continued sluggishness and mounting pressure on the

### Weak governments, rising deficits — a recipe for inflation?

## A Showdown Looms in Saxony

By Brandon Mitchener  
International Herald Tribune

DRESDEN — Saxony, the most industrial area of East Germany, on Monday will be the fitting host for the region's first strike since the 1930s, thereby helping determine the pace of change for the rest of the 1990s.

The direct result of the German government's failure to achieve a national consensus on the economic consequences of unification, the strike threatens to undermine the region's already feeble recovery and has rekindled animosities between Western and Eastern Germany.

West Germans, whose wages are stagnant or declining after a decade of steady growth, show little sympathy for the clamor of their East German brethren, who are fighting for a quick march to an equivalent standard of living. Only 29 percent of West Germans support the strike, while 45 percent of East Germans support it, a German television station reported Sunday, citing a private poll.

East Germans, feeling betrayed by unfulfilled promises of a "blossoming landscape," have grown increasingly unwilling to make sacrifices after watching local employment plummet. Employment in the Saxon metalworking industry has fallen 80 percent from pre-unification levels, and remaining metalworkers earn one-third less than their Bavarian counterparts even though they work longer hours.

The regional divide is particularly apparent in the front lines of the combatants, with employers led by a Cologne-based industry association and unions by their blue-collar members in the East.

At May Day rallies Saturday, union leaders promised a "merciless" strike to defend their Eastern members' wages and honor after metalworking and steel-sector employers renege on a contract that would have boosted the East German wages by more than 20 percent this year and 30 percent next year.

Franz Steinkühler, head of IG Metall, the powerful union leading the strike, said the national industry employers association was using unification and a deepening recession as excuses to condemn 40 years of progressive labor relations to "the hurricane of history."

[Mr. Steinkühler and the general manager of the metal industry employers group, Dieter Kirchner, were both in Dresden on Sunday but have not held any last-minute talks to avert a strike, Reuters reported.]

Industry officials, meanwhile, accused the union of "irresponsibility" for threatening to turn a region already crippled by unification and recession into an industrial wasteland by demanding wage increases in excess of what companies can afford to pay.

Unit labor costs in the East are already 55 percent higher than in the West because of lagging productivity growth, and the wage hikes demanded by the union would cost the region an additional 100,000 jobs, the industry association said.

The planned equalization of East German wages with West German levels by April 1994 has stifled investment and threatens to prolong the region's misery, economists say. "A sharp increase in wages will make the

creation of a mezzogiorno in East Germany more likely, not less so," said Kermit Schoenholtz, an economist at Salomon Brothers in London, referring to Italy's depressed South.

Günter Rexrodt, the German economics minister, addressing a May Day crowd in Oberhausen, said East Germans should show more flexibility and not demand wage increases at any cost. Strikes "do not help if a wage increase can only be bought with the ruin of companies and the loss of jobs," he said.

But some economists say the nature of the German social security system encourages unions to overstate their demands. "Why can the trade unions neglect the needs of the unemployed?" asked Thomas Mayer, an economist at Goldman Sachs in Frankfurt. "Because they assume the government is looking after the needs of the unemployed."

"As long as the government accepts this role, it's probably naive to expect a change of behavior in the labor unions. This point is particularly pronounced in East Germany," he said. "There it really hits you on the head."

The strike was scheduled to begin Monday at six steel mills and 20 metalworking companies, including local subsidiaries of Volkswagen AG, Siemens AG and AEG AG, some of West Germany's biggest companies.

If no compromise is found, the strike was programmed to spread throughout East and West Germany over the next two weeks, making it the first major strike affecting the West German metalworking industry since 1984.

## Tokyo Warns It Could Match U.S. Sanctions

Compiled by Our Staff From Dispatches

TOKYO — Japan has warned it could strike back with retaliatory steps if the United States imposed sanctions on it for practices that Washington says discriminate against American construction companies.

A Foreign Ministry spokesman said Saturday that if Washington imposed sanctions on the basis of its "unilateral judgment," Tokyo would consider "appropriate measures," including possible "counter-retaliatory" steps.

"The Japanese construction market is institutionally nondiscriminatory and open," the Foreign Ministry's press secretary, Masumi Hanabusa, said in a statement.

He was reacting to an announcement Friday by the U.S. trade representative, Mickey Kantor, that President Bill Clinton could decide to place sanctions on Japan if no

agreement is reached on the issue within 60 days.

The 60-day period would end a week before the Group of Seven industrial nations — Britain, Canada, France, Germany, Italy, Japan and the United States — gather in Tokyo in July for their annual summit meeting.

Mr. Kantor's statement was the latest and clearest sign of the Clinton administration's strategy to reduce the American trade deficit with Japan by challenging the status quo on specific trade issues.

The administration plans to seek negotiations with Japan on the construction issue, but Mr. Kantor would not describe the American strategy for such talks.

In his remarks, he also threatened sanctions against Brazil, India and Thailand for what he called inadequate protection of American patents and copyrights and for limiting access to telecommunications and other markets.

Brazil rejected the U.S. charge and urged that the issue be dropped to avoid hurting trade ties. In a news release issued by its embassy in Washington over the weekend, it said the charge had been based on "distorted perceptions."

Mr. Kantor called on Tokyo to open talks with Washington on the construction-industry dispute. He also asked for an examination of bilateral agreement on supercomputers to determine whether terms had been respected.

But Mr. Hanabusa rejected the idea of holding negotiations "under the pressure of sanctions by limiting time."

He also said that "this kind of unilateral approach by the United States" could "have a disturbing influence" on the progress of Uruguay Round negotiations, stalled multilateral trade talks under the General Agreement on Tariffs and Trade.

(AP, NYT, Reuters)

## Regulators Cast a Wider Net Over Banks' Capital

International Herald Tribune

PARIS — Having spent the past four years scrambling to meet international standards on capital adequacy that came into effect this year, commercial banks have been informed that the goalpost is about to be moved.

The details were outlined Friday at the Bank for International Settlements in Basel by the Committee on Banking Supervision, which includes regulators from the 11 major industrial countries comprising the Group of Ten.

They plan to widen the scope of capital adequacy from the present unique focus on credit risk to include market risk as well as interest-rate risk.

To soften the blow, bank regulators are proposing to allow banks

to issue short-term debt to cover part of the new requirement. The regulators also signaled readiness to grant banks the relief they had long sought on measuring the amount of capital needed to back the off-balance-sheet business of swaps and derivatives.

The proposed alterations do not address the widespread complaint that stiffer capital-adequacy standards have contributed to a world credit crunch by discouraging banks from the direct lending of money to industry and consumers. But by extending capital requirements on new forms of business — purchases of securities — the regulators appear to be striving to balance the effective cost to banks, whether they engage in traditional or in new businesses.

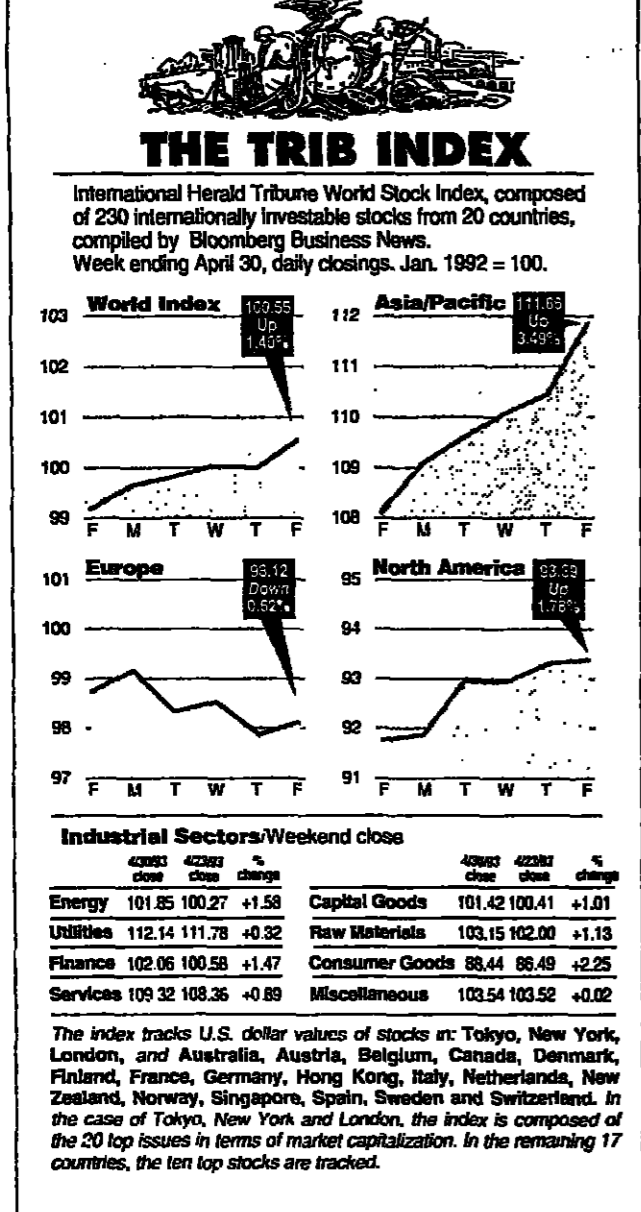
The overall impact, said Gerard Corrigan, chairman of the committee and head of the New York Federal Reserve Bank, would probably be a "very modest overall increase" in banks' capital requirement. The proposal to alter the measuring of credit exposure in swaps and derivatives business that is not carried directly on banks' books is a major victory for the banks. This move is expected to reduce the amount of capital banks currently set aside for this business by as much as 40 percent.

The phenomenal growth of the derivatives business — a broad array of securities and investments with an estimated notional value in excess of \$1.5 trillion — has caused great anxiety among regulators, who fear that the complexity and sophistication of these transactions could pull banks into a crisis the way that lending to developing countries did in the 1980s.

But private bankers have insisted that the notional amounts of swap contracts distort the picture and measure only activity, not true economic risk. They have lobbied regulators to measure exposure based on net value rather than on gross amounts.

The committee of supervisors now is proposing — under carefully defined conditions — "to recognize certain bilateral netting arrangements."

The International Swap Dealers Association, whose 200 members include all the major financial institutions active in the swap market, hailed the proposal. Joseph P. Beau-



## Frankfurt Notebook

### At the Bundesbank, Hawks-Doves Debate Is for the Birds

No issue more constantly obsesses professional Bundesbankologists than the supposedly fluid proportion of anti-inflation monetarists, or hawks, to inflation apologists, known as doves, on the central bank's governing board. This is especially true at a time like the present when the bank's priorities are thought to be shifting.

Helmut Schlesinger, the Bundesbank chairman, dismisses the hawks-dove debate as a question for ornithologists, not serious economists. Above all, the identification depends as much on environment as on genes, he says.

Nevertheless, Mr. Schlesinger seems to have a certain affinity for hawks — or they for him. "I watch the birds that nest on our building," he said in an interview last week. "At one point we had hawks on

the building," he said, "but they left when the doves became more numerous. When I asked an ornithologist why the hawks were leaving, he said it was because the doves made such a mess."

"Then the doves left, too, for some reason. They aren't there any more," he continued. Coincidentally, around the time Mr. Schlesinger moved into his current office as chairman of the central bank, "I noticed that a small hawk had nested in the ledge outside here," he said, pointing out his window. "You can draw whatever conclusions you want from that."

**Franco-German Rapport**  
Frankfurt's Economic Development Corp., which is promoting the city's candi-

dacy to host a future European central bank, apparently exceeded its authority recently in speculating about the potential for closer Franco-German cooperation.

The German edition of the development agency's European Central Bank Update, which was published in mid-April, said the decision on where to site the bank would probably be postponed until the end of the year. That would be after Britain's vote on ratification of the Maastricht treaty on European union.

The delay, coupled with a new government in France, would encourage Paris and Bonn to agree bilaterally to exchange board members between the Bank of France and the Bundesbank, cut the official franco-mark currency fluctuation band to 1.5 percent from 2.5 percent or

### Reporting Rate Changes

The moments immediately preceding news conferences at the Bundesbank's guest house have long been chaotic, with a score of intensely competitive reporters mobbing anyone who walked into the building with a folder that looked like it might contain the key press release.

Confusion reigned complete on April 22, however, when the Bundesbank released not the usual single statement, but three, with the most important statement coming last — a double-barreled cut in the discount and Lombard rates.

Reporters trained to believe that no mention of interest rates in a press release meant there was no change in rates rushed off to their phones before the third release could be distributed. The mistake cost many market players money and left reporters and the Bundesbank bitterly pointing fingers at one another.

The Bundesbank, in a sternly worded letter to news agencies, wrote: "We take this occasion to remind you that a report that the Bundesbank has left its rates unchanged is only permitted on the basis of a concrete confirmation." The central bank described this formality as long standing practice, which agency reporters disputed.

Brandon Mitchener

## CURRENCY RATES

Table with columns for Cross Rates, Other Dollar Values, and Forward Rates. Includes data for various currencies like USD, EUR, JPY, GBP, etc.

Advertisement for Ferrier Lullin & Cie SA. Includes text: "When gold must do more than glitter", "Two Centuries of Private Banking", "Key Data" table, and "OMEGA The sign of excellence".

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New International Bond Issues

Table with columns: Issuer, Amount (millions), Mat., Coup., Price, and Terms. Includes sections for Floating Rate Notes and Fixed-Coupons.

News of Treasury Refunding to Take Center Stage

NEW YORK—After months of speculation, market participants will hear this week whether the government plans to make the 30-year Treasury bond something of an endangered species.

U.S. CREDIT MARKETS

and notes sank last week as the market became more sensitive to potentially bad news ahead of the government's next quarterly refunding.

In its previous refunding, in February, the Treasury sold \$35.5 billion of notes and bonds to refund \$25.5 billion in maturing securities and raise \$10 billion in new cash.

Poland's Legislature Clears Privatizations

By Jane Perlez, New York Times Service

CRACOW, Poland—Reversing a vote taken in March, the lower house of the Polish parliament has approved a privatization plan for many of the country's state-owned industries.

and arguments among politicians against Western managers dampened some of the confidence.

The lower house approved the bill by a vote of 215 to 178, with 22 abstentions. The bill now goes to the Senate, where it is expected to be approved.

BANKS: Regulators Cast a Wider Net Over Capital

(Continued from first finance page) of different categories of bank assets and off-balance-sheet items, and an 8 percent minimum ratio of capital to assets.

Now, regulators want to add to this credit-risk-based system a capital charge for market risk—the danger that price changes on holdings of stocks, bonds, foreign exchange or swaps could adversely affect the banks.

Given the rapid expansion in banks' trading activities, particularly in the derivative markets, "it was clear that the focus on credit risk would need to be widened to encompass market risks," the committee on Banking Supervision said.

eral netting scheme shortly after the close of the consultation period, sometime in 1994. It set no target date for implementation of the market-risk charge against capital.

To ease the burden on banks, the supervisors proposed to expand the definition of bank capital to include a new class of short-term subordinated debt to be used exclusively to meet some of the capital charges for the market risk associated with debt securities and equities.

The bank supervisors acknowledged that their proposals risked creating an unbalanced playing field, as only deposit-taking banks would be covered, leaving such mighty players as securities houses and investment banks operating under less stringent rules.

The committee said it regretted the failure to reach a common accord with the International Organization of Securities Commissions but said its overall approach had been "designed with a view to its ultimate application to a wider spectrum of institutions."

Likewise, the committee acknowledged "significant differences" with the European Community's capital-adequacy directive covering banks and securities firms.

Saying that it favored "a stricter prudential standard," the committee invited banks to comment on any problems that may arise from the need to comply with two regimes and stated its resolve to achieve convergence with the EC.

The committee also said it intended to develop a system to measure interest-rate risks run by banks—the risk that a change in rates might adversely affect a bank's financial condition.

The committee said that although this risk is difficult to measure, "it is a significant risk which banks and their supervisors need to monitor carefully."

At this point, the supervisors are not proposing a capital charge for this risk. "The measurement system is designed to identify institutions that may be incurring extraordinarily large amounts of interest-rate risk," they said. "It would be left to national authorities to determine what, if anything, might be done."

—CARL GEWIRTZ

G-7: Will the New Civility Augur Better Cooperation?

(Continued from page 1) from the collegial atmosphere he has created. It is an interesting experiment."

It was the silken diplomacy of Mr. Bentsen, a Texas Tory skilled in the arts of political negotiation, that was the most notable development in the change of climate from the anger aroused by his predecessors, James A. Baker 3d and Nicholas F. Brady, seeking commitments to help re-elect their friend George Bush.

After more than a decade of economic nationalism once derided as "gunboat economics" by the magazine Foreign Affairs, this shift toward collegiality is more important than it seems in what, after all, essentially a diplomatic process.

President Bill Clinton even did his bit, stopping by the ministerial dinner at the government's elegantly appointed guest house and promising "exceptional actions" to help push the long-stalled Uruguay round of talks to liberalize trade in services and agriculture.

The British chancellor of the Exchequer, Norman Lamont, declared it an "excellent meeting," German diplomats, who rarely tire of lecturing others on financial rectitude, said they had found it good to work with Lawrence Summers because the American undersecretary of the Treasury understood their problems as an economist.

Edmond Alphandery, new to the club as the finance minister of France's new conservative government, described the meeting as "calm, relaxed and altogether agreeable." For him, one of its benefits was mutual understanding—"that every country knows what every other country's policy is, that they are not saying one thing and doing another."

In the G-7 communiqué, the United States said that long-term interest rates had already fallen because the Clinton administration had pledged to reduce the government's budget deficit—the very promise of which was the leverage Mr. Bentsen had used to revitalize the grouping's moribund process.

Led by Germany, Europeans said that interest rates were coming down and that they hoped to cut them further as budget deficits are cut in the medium term. Translation: Don't hope for too much more interest-rate relief, because no government is so politically suicidal as to reduce deficits in a recession.

No commitments were made by the Bundesbank president, Helmut Schlesinger, and even Finance Minister Theo Weigel of Germany supported his policies of not being "aggressive" in lowering rates.

Japan took credit for priming the pumps with more than \$100 billion in government spending but refused either to promise more or to increase aid to Russia, and Mr. Bentsen said he did not press for either of those.

After suffering through the Clinton administration's talking up of the yen until the United States intervened last week to halt the dollar's decline, the Japanese were particularly relieved to obtain G-7 support for less currency volatility. They took this to mean that although the yen might have to move higher, they would not be hectoring it by Washington and could let the rate change at a more leisurely pace.

The meeting of the IMF's Interim Committee was updated not only by this G-7 session but also by the one in Tokyo last month devising a \$28 billion aid program for Russia, leaving IMF officials searching for a role in the international economic order. In its communiqué, the committee cited strong growth in developing countries, the opening up of the former Communist economies and the stimulative strategies of the industrial countries as the main hopes for world economic revival.

The ministers also received a report on last fall's currency upheavals in Europe conceding that governments were increasingly vulnerable to cross-border investors who can move as much as \$1 trillion in a day.

Their communiqué supported the IMF staff's plans to increase consultation and surveillance over exchange rates, but it was unclear what the IMF could do beyond offering advice when governments refuse to act for reasons of politics or pride.

BONDS:

Skittish Market

(Continued from first finance page) Federal Reserve to further reduce interest rates. His conclusion is that yields on U.S. bonds will continue to fall, as will the dollar.

Friday's report on U.S. employment for April is widely expected to give markets a reason to move. But Mr. Braverman warns that the numbers could give a false signal of revival because of an increase in part-time help.

In Europe, bond markets were rattled by signs that the Bundesbank is now focusing on fighting recession and will be moving more aggressively to reduce short-term rates even as the budget deficit remains out of control.

The yield on 10-year German government bonds backed up to 6.79 percent last week, and analysts doubted there was much chance of a revival until yields climbed back to 7 percent.

This will automatically restrict the room for French bonds, which ended the week yielding 7.20 percent, to move. The spread between German and French bonds now stands at 41 basis points, close to the historic low of 38 basis points set early last year.

Christopher Potts at Banque Indosuez sees the possibility that this spread could collapse altogether, but only after the French yield curve—the difference between short-term and long-term rates—has returned to a normal upward slope.

Euromarkets At a Glance

Table with columns: Instrument, Bid, Ask, and Yield. Includes Eurobond Yields and Weekly Sales.

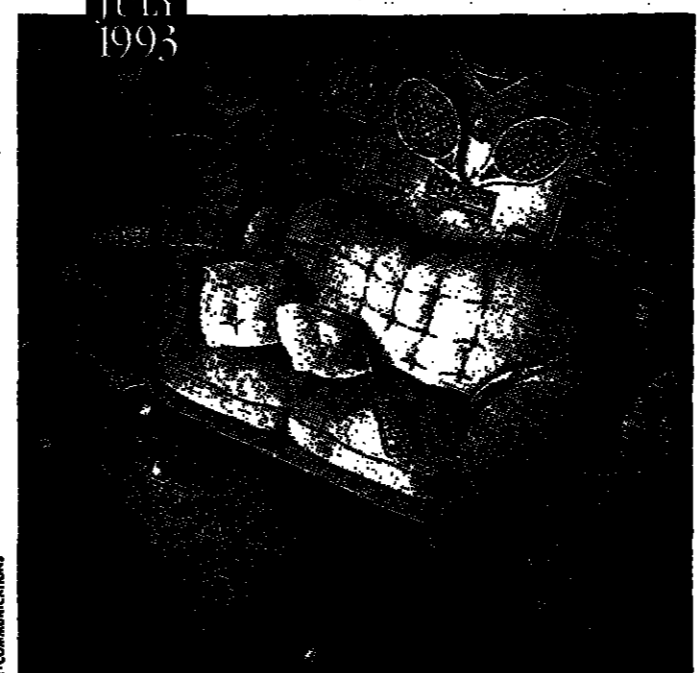
Table with columns: Country, Bid, Ask, and Yield. Includes Weekly Sales.

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Via Agence France-Press

Amsterdam

For the first time this year, the Amsterdam Stock Exchange weakened sharply and closed Thursday at 215.8 points, down from 223.1 points the previous week. The markets were closed on Friday for the Queen's Day holiday. The stock exchange did not respond to lower interest rates. The main disturbing factors were the weakening dollar, lower projected general economic growth and less spending power because of the measures that will be taken to lower the budget deficit in the year ahead.

Frankfurt

The Frankfurt exchange was overshadowed with gloominess last week as the outlook on the German economy remained pessimistic. The DAX index of leading shares finished Friday at 1,627.19 points, down by 1.72 percent on the week. The signs of a lasting recession in Germany are growing, brokers said, and further losses can be expected. The market's late-week rise was due to purely technical factors, operators said.

The DAX gained 0.20 percent Friday after eight days of consecutive downturns.

Hong Kong

Share prices rose 1.18 percent last week in anticipation of a solution reached on Hong Kong's political future during the Chinese-British talks. The key Hang Seng Index gained 79.57 points to close the week's trading on Friday at 6,830.51. Average daily volume stood at 5,083 billion Hong Kong dollars, up from the previous week's 4,612 billion dollars.

The key barometer gained 94.81 points on Monday as investors went on a buying spree after Britain and China agreed to hold another round of talks to resolve the row over Governor Chris Patten's proposals to broaden franchise in the territory before China's takeover in 1997.

London

Share prices fell through a key barrier in London last week, hit by a fall on the futures market after sales from U.S. investors, dealers said. The Financial Times-Stock Exchange 100 index fell 30.7 points, down one percent, to 2,813.1 points, having earlier fallen

below the 2,800-point level for the first time in three months.

Dealers said that despite recent encouraging economic indicators, the market was nervous and lacking a definite direction. Britain's gross domestic product rose 0.2 percent in the first quarter of the year against the previous quarter. The rise was below expectations but showed the second consecutive quarterly rise after eight quarters of falling output. It was the official "end of the recession" the government said.

Paris

The downward movement of French interest rates and a range of technical factors lifted the Paris bourse sharply last week. The CAC-40 index closed Friday at 1,939.03 points, up from 1,916.58 points the previous week, a rise of 1.17 percent.

Analysts said lower rates would help stimulate the stagnating economy but warned that the damage of the past two years of high real rates was still feeding its way into the system. But remarks by the Bundesbank president, Helmut Schlesinger, that the recession would be the central bank's main concern from now on encouraged hopes that rates would fall further.

French interest rates have fallen from 9.10 percent two weeks ago to 8.25 percent, their lowest level since January 1989. The moves have not affected the position of the franc.

Milan

After starting the week on a euphoric note to welcome the choice of Carlo Azeglio Ciampi as the new prime minister, the Milan bourse ended the week in crisis after the former Communist party withdrew from the new government.

The MIB index finished down 12 points or just over one percent on the week at 1,163 points, after the previous week's 3.71 percent rise following the referendum vote for reform that paved the way for the new government.

Singapore

The key Straits Times industrial index rose to a new high early this week amid hectic activity on the Singapore exchange, but by the end of the week, values had tapered off on profit-taking. On Monday, the index surged 24.19 points to a record 1,797.26 on spill-over buying from the previous week. After breaking the record, the market

ended back and the industrial index ended at 1,783.63 Friday, up just 10.56 points from the previous week.

Tokyo

The Nikkei average soared to its highest in more than 13 months last week, lifted by heightening prospects of Japanese economic recovery and a slower appreciation of the yen, dealers said. The 225-issue Nikkei ended Friday at 20,919.18, its highest since March 6, 1992. The broader Tokyo Stock Price Index, based on all issues listed on the first section of the Tokyo Stock Exchange, gained 88.1 points from the previous week to finish at 1,620.79.

Zurich

Zurich shares eased back in reduced trading activity last week and the Swiss Performance Index finished Friday at 1,323.71, down 14.15 points. The absence of any major company news and the weakness of the dollar prompted the negative trend, one broker commented. Banks led the way lower. UBS was down 31 Swiss francs at 934 and SBS down 10 at 340. CS Holding bucked the trend with a gain of 10 to 2,450.

BUSINESS BRIEFS

Pearson Considers STAR-TV Stake

LONDON (Bloomberg) — The British conglomerate Pearson PLC may bid as much as £100 million (\$157.4 million) for a minority stake in Hong Kong's STAR-TV, the Independent on Sunday reported. Frank Barlow, managing director of Pearson, parent of the Financial Times, was quoted as saying that STAR-TV's owner, Li Ka-shing, was "interested in selling a stake" and that Pearson was interested in buying it. STAR's audience is estimated at 41 million people in 38 countries.

Philips to Leave Matsushita Venture

TOKYO (Combined Dispatches) — Matsushita Electric Industrial Co. will buy Philips Electronics NV's 35 percent equity interest in the companies' joint venture, Matsushita Electronics Corp., for 185 billion yen (\$1.69 billion). The venture makes semiconductors, cathode ray tubes and lamps. (Bloomberg, AFP)

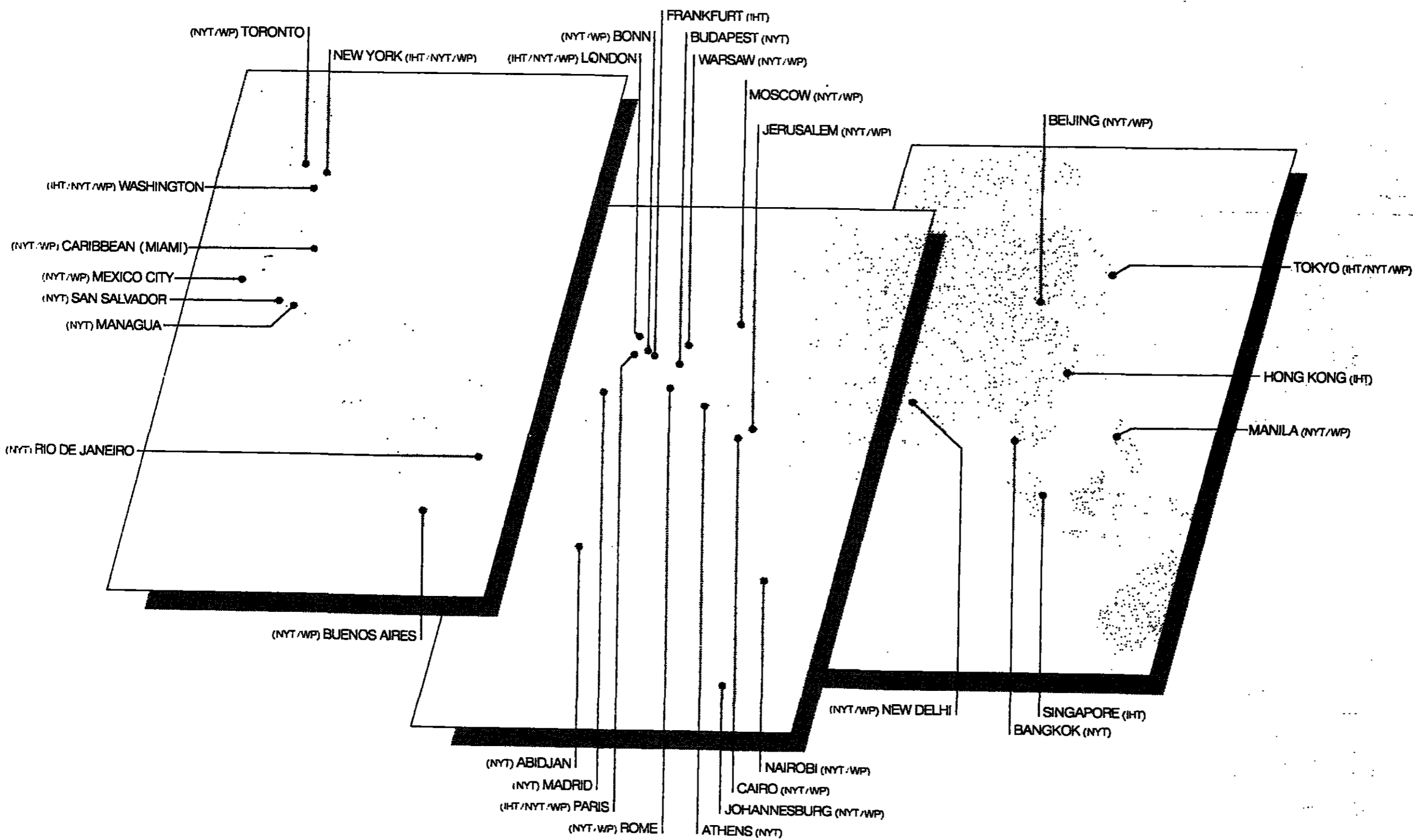
Broker Is Sentenced in India Scandal

NEW DELHI (Bloomberg) — Hiten Dalal, a stockbroker, has been sentenced to a year's imprisonment by a special court in Bombay in a case linked to last year's financial scandal. The court sentenced Mr. Dalal to hard labor and fined him 100,000 rupees (\$3,210) for issuing bad checks for 784 million rupees.

GM Won't Recall Pickup Trucks

WASHINGTON (WP) — General Motors Corp. has turned down a government request to recall 4.7 million pickup trucks that critics say are likely to explode and burn in side-impact crashes.

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day by a team of expert editors to bring our readers the most compact yet comprehensive package of news and opinion, available anywhere.

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# SPORTS BASKETBALL

## Justice Helps Lift Braves Over Cards

The Associated Press  
Atlanta manager Bobby Cox calls David Justice another Thomas Edison: "He wants to experiment a lot."  
Justice finally quit experimenting with his batting stance, went back to his old one and hit a two-run homer with two outs in the eighth inning to give the Braves a 4-3 victory over the St. Louis Cardinals on Sunday in Atlanta.  
Justice's fifth homer came on a 1-0 pitch from reliever Ron Murphy. The right fielder entered the game batting .183.  
Mike Perez walked Ron Grant with one out in the eighth and went to second on an infield groundout by pinch-hitter Damon Berryhill.  
Justice's 434-foot homer to right field made a winner of Kent Mercker, who pitched one inning. Mike Stanton retired the Cardinals

### NL ROUNDUP

in the ninth for his career-high ninth save in as many opportunities.  
Gregg Jefferies' two-run double in the fifth inning gave St. Louis a 3-1 lead. Jefferies had only one hit in 13 previous at-bats against Steve Avery before breaking a 1-1 tie with a double down the left-field line.  
Pirates 6, Astros 2: Jeff King hit two homers and drove in four runs in Houston as Pittsburgh snapped the Astros' five-game winning streak.  
It was the second time in King's major-league career that he has hit two home runs in a game. He also hit two on Sept. 5, 1990, against the New York Mets.  
Pittsburgh took a 3-0 lead in the first inning against Greg Swindell. After singles by Lonnie Smith and Andy Van Slyke, King hit his first home run of the season, a drive off the left-field foul pole.  
King led off the fourth inning with another homer, narrowly clearing the left-field wall.  
Cubs 4, Reds 3: Mike Morgan, coming off his worst start in three years, scattered three hits in seven innings and Chicago kept John Smiley winless in Cincinnati.  
Chicago batted around for three runs in the third off Smiley, whose ERA after six starts is 5.74. Morgan, who was pounded for nine runs in 3½ innings against Colorado in his last start, walked six and gave up two runs.  
Ryne Sandberg and Steve Bochele singled in the second and Cen-

dy Maldonado hit into a run-producing double play for a 1-0 lead. Smiley, pitching in a steady rain, gave up five consecutive two-out hits as the Cubs pulled ahead 4-0 in the third. Mark Grace and Sandberg had RBI singles, and Bochele doubled home another run as the rain turned into a downpour.  
Bill Landrum relieved Smiley after a 22-minute delay and struck out Sammy Sosa, in a 3-for-30 slump, with the bases loaded to end the inning.  
A throwing error by Morgan helped the Reds score twice in the bottom of the third.  
In games played Saturday:  
Padres 5, Mets 3: Gary Sheffield broke a tie with a two-run homer in the eighth inning in San Diego as the Padres handed New York its seventh straight loss.  
Sheffield's sixth homer of the year came off former Padre Mike Maddux. Tony Gwynn started the inning with a bunt single, his fourth hit of the game.  
Reds 9, Cubs 4: The home team rode an eight-run third inning — its biggest in three years — to victory over Chicago.  
Cincinnati sent 12 batters to the plate in the third against Mike Harek and Jose Bautista. Rip Roberts and Barry Larkin each singled twice and drove in a pair of runs.  
Cavaliers 10, Braves 2: Todd Zeile broke out of a 2-for-20 slump with a tie-breaking, bases-loaded double in the sixth in Atlanta. St. Louis broke open the game with a five-run seventh that included a three-run double by Mark Whiten and a two-run double by Tom Pagnozzi off Marvin Freeman.  
Giants 7, Expos 3: Darren Lewis hit a two-run homer, highlighting a six-run first inning and leading the home team over Montreal for their fifth straight victory.  
Astros 7, Pirates 3: Doug Drabek defeated his former team for his first victory at home with Houston as the Astros defeated Pittsburgh in a game marred by a fight.  
The benches emptied in the fifth after Houston's Eric Anthony was knocked down by a pitch from Randy Tomlin. Anthony charged the mound and grabbed Tomlin, and a five-minute fight ensued.  
Houston scored four times in the third.  
Dodgers 5, Phillies 1: Tom Candiotti baffled Philadelphia with his knuckleball, and rookie Mike Piazza continued his hot streak with a solo homer as Los Angeles won at home.



The Hornets' Kendall Gill, left, and Dell Curry closed in as Rick Fox of the Celtics lost his balance.

## Knicks Rally in 2d Half For 2-0 Lead Over Pacers

The Associated Press  
Homecourt advantage was no help at all in the National Basketball Association playoffs this weekend as the New York Knicks took the floor at Madison Square Garden on Sunday.  
The Knicks, who blew a 19-point lead in the first game before holding on to beat Indiana, rallied in Game 2, beating the Pacers, 101-91. John Starks had 29 points and 11 assists, and Patrick Ewing scored 25 points.  
With the victory, the Knicks became the first team to take a 2-0 lead in the first round of the playoffs after four series were tied, 1-1, on Saturday.  
Game 3 of the best-of-5 matchup between the first and eighth seeds in the Eastern Conference will be Tuesday night at Market Square Arena.  
Rik Smits scored a playoff career high 29 points and Reggie Miller had 25 for the Pacers, who are still looking for their first victory in an NBA playoff series.  
Charles Oakley led a 45-26 advantage on the boards for the Knicks with 12 rebounds, and Doc Rivers finished with 13 assists.  
Indiana made 56.4 percent of its shots in the first half, leading by as many as 16 points and taking an 11-point advantage into the third period.

The Pacers extended the margin to 59-44 early in the second half before two baskets by Ewing started a 21-8 spurt that pulled New York to 67-65. Anthony Mason keyed the rally with three consecutive baskets that made it 65-60 with 4:16 left, and his layup with 0.2 seconds remaining closed the gap to 72-71 after a third period that saw the Knicks hit 12 of 18 shots.  
Starks then hit two 3-pointers and Rolando Blackman one in the first 3½ minutes of the fourth period, giving New York an 82-76 lead it never lost.  
In games played Saturday:  
Hornets 99, Celtics 98: Larry Johnson got the only basket in the second overtime in Boston and Charlotte survived Kevin McHale's 30 points to even their series at one game each.  
It was McHale's missed free throw with 1:38 left, Boston's only miss in 17 foul shots, that allowed the Hornets to preserve their one-point lead and first playoff victory in their five years in the NBA.  
Trail Blazers 105, Spurs 96: Clyde Drexler scored 21 points in his first extensive playing time in a month and Portland, at home,

came from behind in the final quarter to beat San Antonio and even their series, 1-1.  
Drexler, who missed virtually all of the final 12 regular season games with a strained hamstring, put Portland ahead for good, 94-92, with a tip-in with 2:09 left to play.  
The Blazers, who outscored San Antonio, 27-13, in the final quarter, went on to get seven straight points in a 29-second stretch of the final minute to put the game away.  
Nets 101, Cavaliers 99: Derrick Coleman scored 27 points and grabbed 14 rebounds in Richfield, Ohio, to lead New Jersey over Cleveland and even their series at 1-1.  
Clippers 95, Rockets 83: Ron Harper scored 12 of his 29 points in the third quarter of Los Angeles's upset in Houston, which evened that series at 1-1.  
Deal Set to Sell Rockets  
The owner of the Houston Rockets, Charlie Thomas, has signed a contract to sell the team to a Florida businessman, Les Alexander, and his partner, Bill Esping of Dallas, for an undisclosed amount. The Associated Press.  
The deal, reported to be worth \$80 million, will not be completed until after the Rockets are finished in the playoffs, the team said.

## Single by Baines in the Ninth Drives Orioles Past Royals, 4-3

The Associated Press  
Harold Baines reached base for the 12th straight time by singling home the winning run with two outs in the ninth on Sunday in Baltimore to give the Orioles a 4-3 victory over the Kansas City Royals.  
Baines has eight hits and four walks in 12 plate appearances in three games. The team record of 13 was set by Jim Dwyer in 1982.  
Baines' opposite-field single to left off Dennis Rasmussen drove in Brady Anderson from second base. Cal Ripken was intentionally walked before Baines singled.  
Harold Reynolds opened the ninth with a single and Anderson hit into a force play. Mark McLemore grounded out, sending Anderson to second, and Ripken was walked.

Blue Jays 6, White Sox 1: In Chicago, Pat Hentgen outpitched Jack McDowell, and Paul Molitor had three hits as Toronto ended Chicago's six-game winning streak. Hentgen combined with Danny AL ROUNDUP  
Cox on a five-hitter. Hentgen, making just his seventh major league start, retired 12 straight at one stretch. McDowell allowed four earned runs and nine hits in 6½ innings.  
Toronto went ahead in the first on Molitor's third home run of the season. Darnell Coles doubled home a run in the second and scored on Luis Sojo's single to make it 3-0.  
Yankees 3, Mariners 2: Bernie Williams drew a bases-loaded walk from Norm Charlton with two outs

in the 10th to lift the home team over Seattle for a three-game sweep.  
The Mariners, playing for the second straight day without injured center fielder Ken Griffey Jr., tied it at 2 in the ninth when Tino Martinez led off with a home run against Jimmy Key.  
Twins 6, Tigers 3: Kirby Puckett hit a tiebreaking home run in the eighth inning in Detroit to help lift Minnesota over Detroit. It was the Twins' second victory in a row after an eight-game losing streak.  
Brian Harper homered in the Minnesota seventh, tying it at 3. Puckett hit his fifth home run in the second deck in left field on a 1-1 pitch off David Haas.  
Red Sox 4, Angels 3: The Red Sox got two RBIs each from Billy Hatcher and Mike Greenwell to complete a weekend sweep of Cali-

fornia in Fenway Park. The Red Sox are now 9-1 at home.  
Indians 10, Athletics 2: Junior Ortiz had three hits and scored three runs as Cleveland stopped the visiting Oakland in a game interrupted by a bench-clearing brawl.  
In games played Saturday:  
Red Sox 3, Angels 1: Roger Clemens struck out 11 batters and pitched five-hit ball for eight innings at Fenway Park to lift Boston over California.  
Scott Fletcher drove in two runs with a bases-loaded single, and Scott Cooper added an RBI single as the Red Sox scored all their runs in the second against Scott Sanderson.  
Despite recent tendinitis, Clemens struck out every California starter except Gary DiSarcina and Luis Polonia. Polonia singled, dou-

bled and tripled, and scored the Angels' run in the first inning.  
Twins 5, Tigers 2: Minnesota stopped its longest losing streak in three seasons at eight games as Shane Mack drove in three runs in Detroit.  
Kirk Gibson's RBI triple put Detroit ahead in the fourth, but the Twins ended a 25-inning scoreless streak in the fifth with four runs.  
Yankees 6, Mariners 2: In New York, Mike Witt won for the first time in three seasons, pitching three-hit ball for seven innings to lead New York over Seattle.  
Sidelined for the second half of 1991 and all of 1992 because of an ailing elbow, and disabled at the beginning of this year with a groin injury, Witt came back to strike out three and walk three as New York won its fifth victory in six games.

Indians 1, Athletics 0: Jose Mesa pitched a four-hit ball for 8½ innings in Cleveland, and Albert Belle doubled home a run in the first as the Indians stopped a four-game losing streak.  
Brewers 4, Rangers 3: Tom Brunansky, batting just .125, hit his first home run of the year off Bob Patterson with two outs in the 12th inning in Arlington, Texas.  
White Sox 8, Blue Jays 2: Joey Cora's two-run single in Chicago started a five-run fifth against Jack Morris as the White Sox earned their sixth straight victory.  
Royals 5, Orioles 4: Mike MacFarlane led off the ninth in Baltimore with a tie-breaking home run as Kansas City overcame a strong effort by Fernando Valenzuela to stop Baltimore.

## He got in the way of somebody's war.



Nine out of ten casualties in modern warfare are civilians. The vast majority of its victims never wore a uniform or carried a gun.  
In the so-called "post-war" period since 1945, at least 20 million people have died in over 100 conflicts. A further 60 million have been wounded, imprisoned, separated from their families and forced to flee their homes or their countries.  
In over 30 armed conflicts, this human misery is happening now.  
Yet the Geneva Conventions — ratified by 164 states — lay down clear rules that all victims of war living under the darkness of conflict must be respected.  
They have the right to protection from murder, torture, starvation and being taken hostage.  
To focus attention on the plight of millions of civilians caught in the crossfire, the International Red Cross and Red Crescent Movement is launching a worldwide campaign to ensure that they get the protection and assistance to which they are entitled under international law.  
No matter who. No matter where. No matter when.  
We call on governments and combatants everywhere to respect the rights of all victims who get in the way of somebody's war. Help us to help them.

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MONDAY SPORTS

SCOREBOARD

BASEBALL

Major League Standings

Table showing Major League Standings for American League and National League, including teams like Detroit, Boston, New York, Toronto, Milwaukee, Baltimore, Cleveland, California, Chicago, Texas, Seattle, Kansas City, Minnesota, Oakland, Philadelphia, Montreal, Atlanta, Florida, New York, Houston, San Francisco, San Diego, Los Angeles, and Colorado.

Thursday's Line Scores

Table showing Thursday's Line Scores for American League and National League, listing teams and their scores.

Friday's Line Scores

Table showing Friday's Line Scores for American League and National League, listing teams and their scores.

Baseball

Articles and news snippets related to baseball, including mentions of players like Cal Ripken Jr. and teams like the Baltimore Orioles.

Tennis

Articles and news snippets related to tennis, including mentions of players like Andre Agassi and Andre Panatta.

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Articles and news snippets related to tennis, including mentions of players like Andre Agassi and Andre Panatta.

BASKETBALL

NBA Playoffs

Articles and news snippets related to NBA playoffs, including mentions of teams like the Chicago Bulls and Detroit Pistons.

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Articles and news snippets related to baseball, including mentions of players like Cal Ripken Jr. and teams like the Baltimore Orioles.

Tennis

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SOCCER

World Cup Qualifiers

Articles and news snippets related to soccer world cup qualifiers, including mentions of teams like the United States and Mexico.

Baseball

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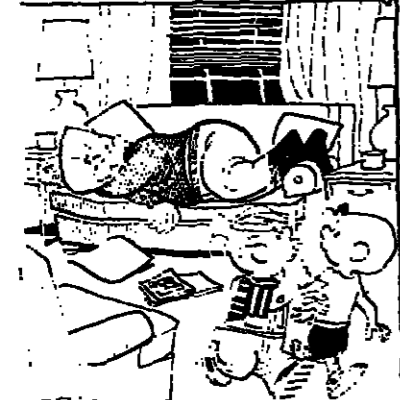
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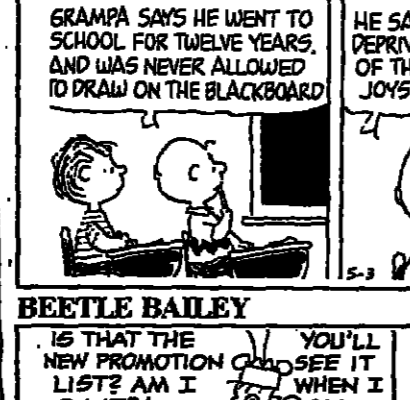
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JENNIS THE MENACE



PEANUTS



BEETLE BAILEY



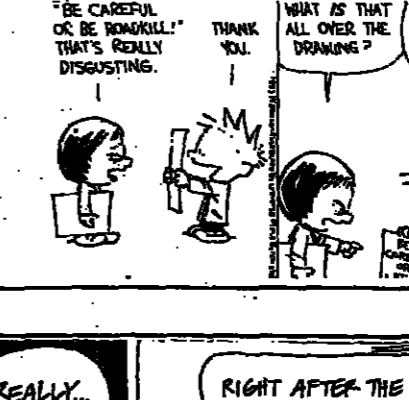
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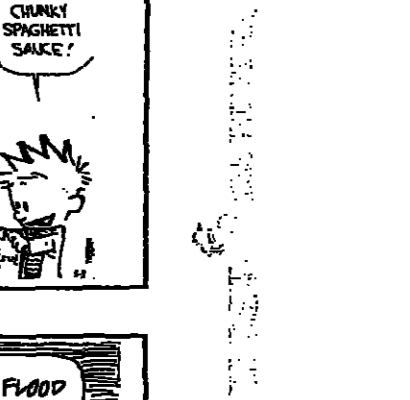
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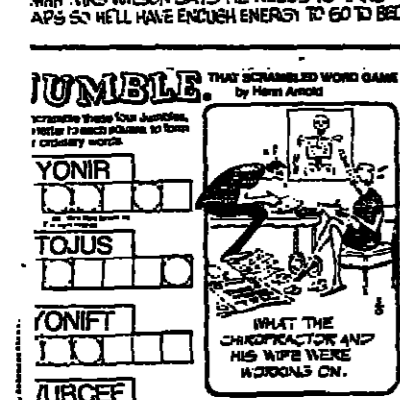
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GARFIELD



JENNIS THE MENACE



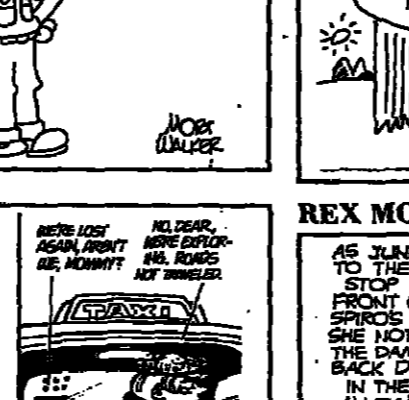
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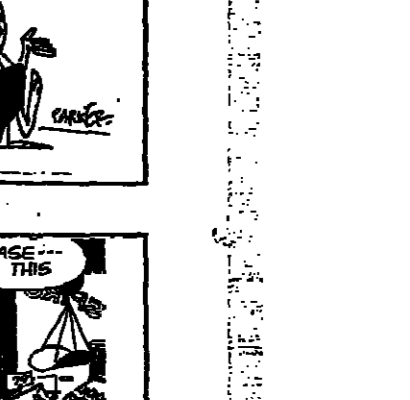
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REX MORGAN



GARFIELD



JENNIS THE MENACE



PEANUTS



BEETLE BAILEY



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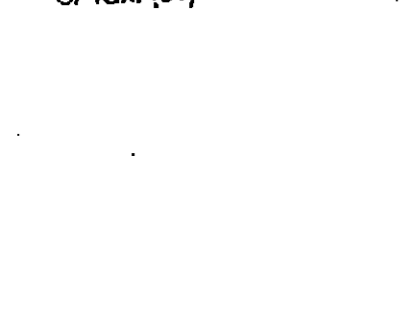
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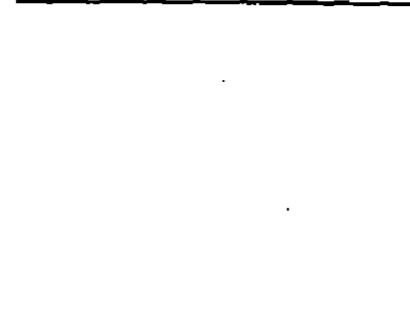
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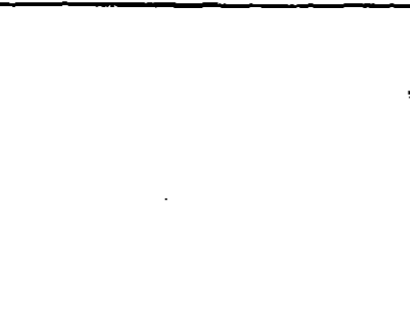
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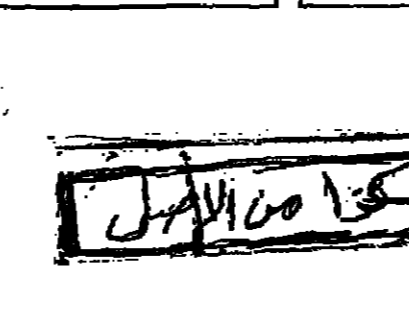
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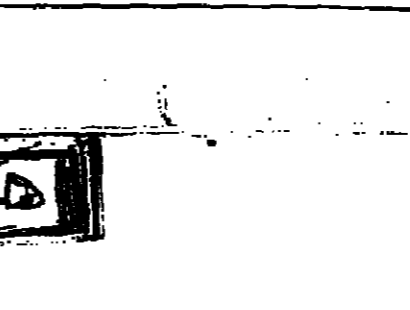
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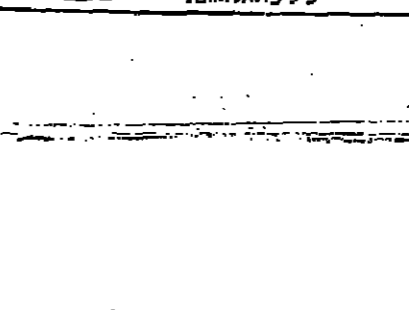
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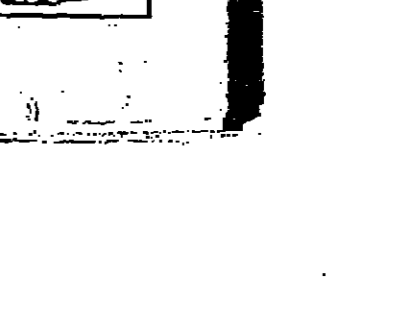
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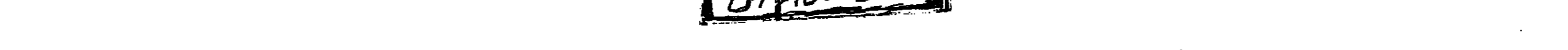
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# MONDAY SPORTS ICE HOCKEY

## SELES: Flown to U.S.

(Continued from page 1)

out a serrated knife with a 12-centimeter blade with which he stabbed Seles once.

As Seles screamed, the guard and two spectators wrestled the man into submission, reportedly breaking one of his arms. Seles staggered away, reaching over her shoulder for the wound. Blood seeped from her white shirt as she was helped to the ground.

"He said about his motive that he is a fan of Steffi Graf and he could not bear Monica Seles being the momentary No. 1 of the world," a police spokesman said of Parche. "He said several times that he did not plan to kill Monica Seles, he only wanted to make her unable to continue playing. The way things look, he is saying the truth."

The tournament continued amid heightened security and a protest by 200 Serbs outside the tournament grounds. Spectators' bags were searched, and more officers were assigned to the tournament. The players' seats were repositioned, away from the stands, enabling a guard to be stationed on the court between contestants and spectators.

"You feel much more protected, relaxed," Sanchez Vicario said. "You feel better."

Graf, who admitted to walking the grounds alone Saturday, complained during her difficult three-set semifinal victory over Jana Novotna that the guards, especially the man hovering behind her in his stark white shirt and black trousers, "distracted me more than they helped me."

At her request, the guards were repositioned Sunday in the front row directly behind her and Sanchez Vicario. During the awards ceremony, two guards sandwiched Graf as she sat listening to speeches.

Asked whether the attack would further isolate players from their fans, Graf said, "I hope not. I really hope not. We tennis players have been put up more or less on a stage. We have to be closer to the people who watch us. I think nothing should change."

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As a security man ran toward her attacker, Monica Seles collapsed on the court in Hamburg after being stabbed in the back.

Graf said she would have dropped out of the tournament had Seles's injuries been worse. Asked about the assailant's motive, her eyes welled as she said, "That concerned me even more." When she visited her rival in the hospital, both had trouble talking.

"I said to her how I felt, how it also hurt me in a way," Graf said Saturday. "Her parents were with her, and her brother. She is feeling very bad at the moment. The wound itself is not the problem, but what goes on in her head. I told her that all of us think of her and that we feel really sorry for her."

Novotna said: "When she realizes what has happened to her, I think that's going to hurt her more than the injury itself. Now she has a good chance to prove to us that she is mentally strong on the court, but also that she is mentally strong off the court. I do wish that she will be able to do that."

As Graf played Saturday, she could hear the chants of "Monica, Monica" from Serbs outside the stadium. Seles is an ethnic Hungarian who was born in Novi Sad, the capital of Vojvodina, an autonomous province in the former Yugoslavia claimed by Serbia. She now resides in Sarasota, Florida.

Though she has long maintained that sports and politics are not related, she has received death threats for two years resulting from the war in her former homeland. Tournament officials said they knew of no warning before the attack.

Within an hour of the start of the Serbs' rally, tournament organizers brought Seles's mother, Esther, from the hospital to address the crowd.

"Thank you very much for coming," she told them through a bullhorn. "I'm sorry Monica was not able to come here. It is impossible



The knife used in the attack, in a photo taken off German TV.

for anybody to visit Monica in the hospital."

Removing her glasses, she began to cry. Women in the audience were

crying as well. Within 10 minutes the crowd was marching away, to chant the name "Monica" outside the hospital.

## Russia Beats Sweden, 3-1, For World Championship

*The Associated Press*

MUNICH — Russia's team of young, hungry rookies scored twice in the first period Sunday and held off Sweden, 3-1, to win the World Ice Hockey Championships.

It was the first world title for Russia, which made its debut as a country in last year's tournament but lost to Sweden, 2-0, in the quarterfinals.

The former Soviet Union had won a record 22 titles since 1954, the last in 1990.

German Titov, Andrei Nikolishin and Andrei Khomutov scored before a near-sellout crowd of 10,500 in the Olympic Hall that included Juan Antonio Samaranch, president of the International Olympic Committee, and Chancellor Helmut Kohl of Germany.

The Russians also took the lead against Sweden in the preliminary round here, but then lost by 5-2 to the two-time defending champions.

This time, the Russians never allowed the Swedes to come back as goalie Andrei Trefilov made several key saves.

Valeri Karpov, a rookie left wing, set up linemates Titov and Nikolishin for the first two goals.

Titov's goal, just 1:39 into the game, came after a fast break on the right flank. Goalie Tommy Soderstrom stopped a shot from point-blank range, but the puck bounced over his body and tricked into the net.

Then Karpov and Nikolishin traded passes on a 2-1 breakaway and Nikolishin finished it off with a tap-in past the sprawling goalie at 7:03.

Trefilov, who plays for the Calgary Flames, made two dazzling saves as the Swedes put the pressure on in the last 10 minutes of the opening session.

Khomutov swept a low rebound from the slot past Soderstrom to make it 3-0 at 7:49 in the second period.

Mikael Renberg spoiled Trefilov's shutout bid with a controversial goal at 9:36 in the third period that first was disallowed by American referee Rob Hearn following a wild scramble in front of the net. A Russian defenseman fell backwards in the crease and glided into the net, his body covering the puck.

Swedish coach Curt Lundmark yanked Soderstrom for an extra attacker with less than three minutes

remaining. But the Swedes failed to capitalize on the man advantage.

Khomutov finished with five goals and seven assists, second behind Canada's Eric Lindros in scoring during the tournament.

Lindros had 11 goals and six assists, but the Philadelphia Flyers' big rookie center had a disappointing playoffs and scored only one goal in Canada's 7-4 loss to Russia in Friday's semifinals.

Canada, the only team with a perfect 5-0 record in the preliminary round, then lost Saturday's bronze-medal game, 5-1, to the Czech Republic.

Thomas Rundqvist scored the game-winning 8:38 into overtime as Sweden edged the Czechs, 4-3, to reach its third straight final.

Norway beat Switzerland, 5-2, Saturday in a relegation game. That dropped Switzerland, a sensational semifinalist last year, to the B group championships in 1994.

The Swiss will be replaced by Britain, while Norway will stay in the elite group along with France and Austria, the other two teams that failed to make the quarterfinals. Next year's championships will be held in Italy.

## Maple Leafs Gain Norris Finals

*The Associated Press*

An overtime goal by Nikolai Borshchevsky at 2:35 lifted the Toronto Maple Leafs to a 4-3 victory over the Red Wings in the seventh game of their first-round playoff series.

The Maple Leafs will host the St. Louis Blues to start the Norris Division finals Monday night.

Bob Rouse, who had a goal in the second period, sent a perfect pass from the right circle to Borshchevsky, who deflected the puck past goaltender Tim Cheveldae on the slick side on Saturday in Detroit.

The Maple Leafs, who had the only two shots in the overtime, out-shot the Red Wings, 35-27, in the record 14th overtime game of the first round. The previous record was nine.

The last time the Maple Leafs and Red Wings needed overtime to

decide a seven-game series occurred on April 9, 1950, when Detroit beat Toronto, 1-0, to win the semifinals.

The shots were tied at 23 for each side, Detroit was clinging to a 3-2 lead, and the game had been penalty-free as the third period opened.

Detroit's Jim Hiller drew the game's first penalty for high-sticking.

on goals by Toronto's Glenn Anderson and Detroit's Paul Ysebaert.

In the second period, Detroit's Shawn Burr and Dallas Drake sandwiched goals around one by Rouse for a 3-2 Red Wings lead.

Anderson's first goal of the series gave Toronto a 1-0 lead at 7:25 of the first period. The play started at center ice when Gilmour knocked the puck away from Shawn Burr. Gilmour skated around defenseman Yves Racine in the left circle and passed back to Anderson, who snapped a shot over Cheveldae's glove from the point.

Ysebaert tied the game with his third playoff goal at 10:37 of the first period. Sergei Fedorov skated up the right side and fed a pass across the goal to Ysebaert, who fired a low shot at a tough angle past Toronto rookie Felix Potvin.

### STANLEY CUP

ing Sylvain Lefebvre at 11:50 of the third period, but the Maple Leafs didn't get a shot on goal during the two-minute advantage.

Doug Gilmour's third goal of the series, from between the circles on a pass from Wendel Clark, tied the game at 3 at 17:17 of the third period. The Maple Leafs outshot Detroit, 10-4, in the third period.

The first period ended in a 1-1 tie

## SIDELINES

### Davis Wins Cannes Open Playoff

CANNES, France, (UPI) — Veteran Australian Roger Davis, with a par Sunday on the first hole of a sudden-death playoff, defeated Mark McNulty of Zimbabwe to win the Cannes Open golf tournament.

McNulty had shot the best round of the week, a 7-under-par 64, while Davis shot 70. They finished a stroke ahead of Jamie Spence of England, who began the round tied with Davis for the lead but hit a shot into the water on No. 14, and the young Swede Pierre Fulke, who had shared the lead for the first two rounds.

Blaine McCallister took a two-shot lead over Jim McGovern and John Hoston into Sunday's final round of the Houston Open after the third round was rained out.

### Manchester United Is Given Title

LONDON (Reuters) — Manchester United won the English soccer title Sunday for the first time in 26 years when second-place Aston Villa, playing at home, lost its Premier League match to Oldham on Nick Henry's goal in the 29th minute.

Villa's loss left it four points back with one match to play and ensured that United would get the title even if it loses its last two matches, at home to Blackburn on Monday and away to Wimbledon next week.

The Dutch league match between visiting champion PSV Eindhoven and relegation-threatened FC Dordrecht '90 was abandoned after police received two bomb threats at halftime.

Gary Lineker, the former England striker, scored his first goal in Japan to give Nagoya Grampus Eight a 2-1 victory over Italy's Lazio in a friendly match.

### Swiss Stun Italians in Cup Qualifier

BERN, Switzerland (AP) — Switzerland virtually clinched its first World Cup berth since 1966 with a 1-0 victory over Italy in a European Group 1 qualifying match Saturday.

Defender Marc Hottiger scored the goal in the second half. Italian midfielder Dino Baggio had been sent off seconds before halftime for a rough tackle.

Switzerland's first victory over Italy in a major championship in 39 years left it the only undefeated team in the six-nation group, which it now leads by two points over Italy. The top two teams reach next year's World Cup finals in the United States.

### Judge Approves NFL Labor Pact

MINNEAPOLIS (AP) — A favorable decision by a federal judge in an NFL labor settlement seems likely to close a major chapter in the league's 20-year battle with its players over free agency.

U.S. District Judge David Doty gave final approval Friday to the settlement that set up the NFL's new free agency system. In doing so, Doty rejected complaints from dozens of players that the plan limits their earning power and barred players from filing new lawsuits on the issues covered in the settlement.

In a 115-page opinion, Doty said the labor agreement announced in January was "fair, reasonable and adequate" to the players who filed a class-action lawsuit challenging the league's Plan B free agency system.

### For the Record

Slobodan Jankovic, the Serbian basketball player who in anger rammed his head against a concrete support over a referee's call in Athens, was out of danger but paralyzed from the waist down after surgery on his fractured neck vertebrae.

Nobuoaki Wakai, a Japanese rider in the Spanish motorcycling Grand Prix, died in a hospital in Seville after crashing during the final practice for Sunday's race.

David Wayner, 34, a durable defensive back for 13 seasons with the NFL's New Orleans Saints, San Francisco 49ers and the Los Angeles Raiders, collapsed and died at his farm home outside Mooresville, North Carolina. A preliminary autopsy showed that he had recently ingested cocaine.

John Jenkins, the embattled Houston football coach, resigned in the wake of allegations by a former assistant and several former players that NCAA rules had been violated.

Alex Zalle, the Swiss cyclist leading the Tour of Spain, did not test positive for a controlled drug. International Cycling Union said, Spanish authorities blamed an erroneous report to the contrary on a translation mix-up.

Lieke Martens, 26, of York, England, was killed when a van carrying the Duke of Wellington Regiment's rugby team crashed in Georgia. Seventeen other men, including the U.S. soldier who fell asleep while driving the van, were injured.

## Mellon's Sea Hero Wins Kentucky Derby

*The Associated Press*

WASHINGTON Post Service

LOUISVILLE, Kentucky — A Kentucky Derby victory, one of the five goals to end eluded Paul Mellon, the illustrious owner and breeder who, at age 85, has started to scale down his thoroughbred operations, is his at last.

His Virginia-bred colt, Sea Hero, made an explosive move on the rail at Churchill Downs on Saturday and drew away to win the 119th running of the Derby by 2 1/2 lengths over Prairie Bayou, the favorite. Wild Gale finished third.

Jerry Bailey's flawless ride gave Mellon an extraordinary racing distinction: He has won the most important race in each of the three most important racing countries in the world.

It had seemed an almost quibotic, now-or-never decision when Mellon and his 72-year-old trainer,

Mack Miller, decided to enter Sea Hero in the Derby. The colt hadn't won a race all year, and the cautious Miller has dodged the Derby in past years with horses who had better credentials.

But this year's field appeared to be exceptionally weak, and many trainers were figuring that any horse who hit his peak form Saturday would have a chance to win the race and the main share of its \$985,900 purse.

That horse was Sea Hero.

Bailey knew Sea Hero would have to come from off the pace. When the gate opened, he steered his mount from post position No. 6 to the rail, sat there and hoped that he would eventually be able to find running room in the 19-horse field.

As expected, jockey Rick Wilson popped out of the gate from the inside post and sent Storm Tower to the lead.

On the backstretch, Storm Tower began to weaken — he wound up finishing 16th — and Prairie Bayou inherited the lead. Union City and Dizzo made abortive moves outside the leader as Bailey stayed inside and found running room.

"It was like the paring of the Red Sea," Bailey said.

He got through inside some tiring horses, then encountered brief traffic and steered outside. On the turn, he had a pack of horses in front of him.

"I was looking for the outside," he said, "and then the rail opened" as the other stretch-runners were trying to make the classic wide swoop on the turn that often wins the Derby.

Bailey shot inside Personal Hope and Stevens worked say later. "Sea Hero ran by me like I was bed up."

When he passed the leader, Sea Hero had clear sailing from the top

of the stretch to the wire — and nobody seriously threatened him.

Prairie Bayou circled five-wide and made his usual late run, but it wasn't enough, and he barely overhauled Wild Gale, a lightly regarded member of the mutual field, for second place.

Personal Hope was fourth, trainer Bill Shoemaker's colt Dizzo was fifth and Corby was sixth.

Sea Hero's winning time was a moderate 2:02 2/5 over a very fast track for the 1 1/4 miles (2.01 kilometers), a performance that seemed to confirm unequithastic pre-race assessments of this 3-year-old colt.

Mellon's Rokeby Farm has produced top horses on two continents for more than 30 years. Mill Reef won the Epsom Derby and the Prix de l'Arc de Triomphe. Arts and Letters finished second in the Derby and Preakness before winning the Belmont Stakes. But Mellon and Miller had not brought a horse to the Derby since 1968.

"You can't put into words what this means," Mellon said. "It's very exciting, something you never believe is going to happen until it does."

Miller, the man who had often seem to disdain the Derby and all its hoopla, acknowledged: "This is the ultimate. This is the best. It almost makes you cry."

## Zafonic Breaks Record in 2,000 Guineas

*The Associated Press*

NEWMARKET, England — French-trained Zafonic raced from last place to a record-breaking victory in the 2,000 Guineas, the second classic race of the English horse racing season.

Zafonic's time of 1 minute, 35.32 seconds was the fastest in the 185-year history of the prestigious race.

Rated the 5-to-6 favorite by the bookmakers, Zafonic was running last in the 15-horse field Saturday as the thoroughbreds passed the

half-way point in the straight one-mile (1.6-kilometer) race.

Veteran jockey Lester Piggott, on Silver Wizard, had the lead and was setting a fast pace that would force most of the favorites to drop out of contention.

But Jockey Pat Eddery moved Zafonic to the outside, then shifted the 3-year-old colt into overdrive with 400 meters to go.

Barathe, ridden by Michael Roberts of South Africa, tried to go

with Zafonic and at one stage appeared to be closing.

But Eddery pulled away and Zafonic, owned by Prince Khalid Abdullah of Saudi Arabia, was 3 1/2 lengths clear of 10-1 shot Barathe at the finish line.

Bin Ajwad, a 66-1 entry ridden by Bruce Raymond, was third. Silver Wizard faded to sixth.

"He ran as straight as a gun barrel," said Eddery after his 11th classic victory.

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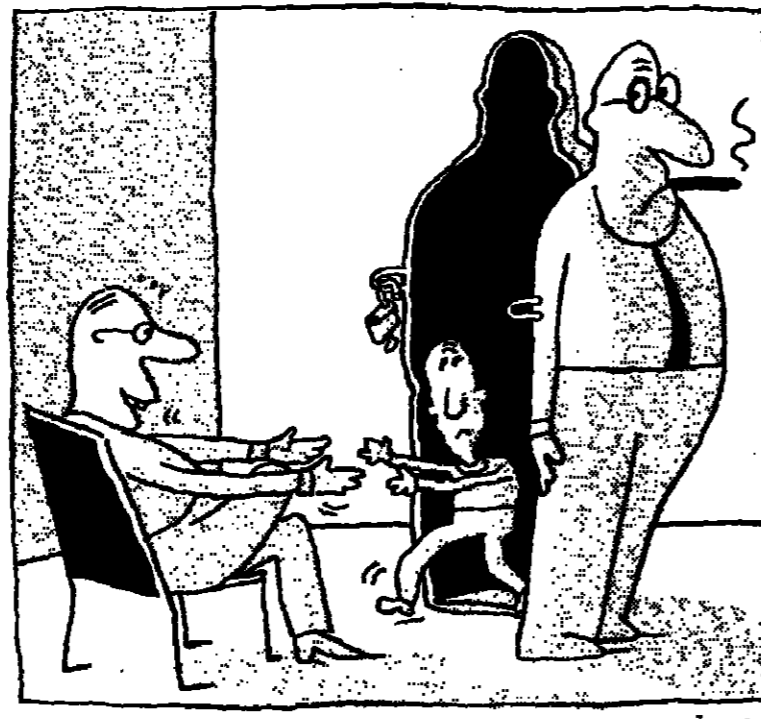
Break On Thru to the Other Side

By William Safire

NEW YORK — Congress is trying to pull a fast one on tax policy. No, this is not a distributive VAT — for "value added tax," wrongly called the "VAT tax" by the Redundance Kids — but a shot across the bow of Senator Dale Bumpers and Representative Robert T. Matsui, authors of a tax bill that would enshrine in law the informal spelling of through as thru.

A Synergistic Blast With the Leonardos

PARIS — Artists want to be solvent and executives want to be creative: a perfect mix for a synergistic blast such as took place at close of work last week in a Louis-Louis private room at the Hotel Raphael.



Impromptu flirtation, Curtis claps his hands like thunder as a sign to stop. Not surprisingly, when he asks the class to express anger they excel. Gucci loafers even makes a French automobilist's rude gesture before catching himself and vigorously punching the air instead.

MARY BLUME
businessmen and women of the mostly French Leonardo group were meeting with Paul J. Curtis, the gruffly charismatic founder of the American Mime Theatre of New York.

The hazing is over, the class cooed into contentment. T. (for Teacher), as Curtis is called in his syllabus, now addresses them as "team." When he asks them to express pain and they double over or smite their brows, T. benignly observes, "Strangely enough, that was better."

CROSSWORD

Crossword puzzle grid with clues for Across and Down. Clues include '1 Refs' cousins', '22 — Lanika', '47 Botany's — theory', etc.

WEATHER

Weather forecast section including a map of North America, Europe, and Asia, with temperature and precipitation data for various regions.

BOOKS

THE REAL ANITA HILL: The Untold Story. David Brock. 438 pages. \$24.95. The Free Press/Macmillan. Reviewed by Christopher Lehmann-Haupt.

WHAT THEY'RE READING. Senjako Ogata, the United Nations High Commissioner for Refugees, is reading Micha Glenny's 'The Fall of Yugoslavia: The Third Balkan War.'

Large advertisement for AT&T USADirect Service. It features a large image of a globe and the text 'Get your point across in no time.' Below the globe is a table of international access numbers for various countries.

Vertical text on the left margin: P, M, C, I, Z, C